The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Feels Pinch of Manchukuo Expenditures

ARTICLES IN THIS ISSUE

Japan's Attempt to Settle 3,000 Outstanding Issues With China

Financial Situation in Japan Becomes More Critical Mainly Due to Manchukuo Expenditure

Kweichow Reds Threaten to Invade Szechuan; Nanking-Canton Rapprochement Talks Continue

Will the U. S. Supreme Court Uphold the Gold Clause?

Hangchow Air Graduates Display Marvelous Skill

The Saar Votes to Go Back to Germany

A Murder Trial in an American Village

Manchukuo-Japan Trade Relations

Tokyo Makes Preparations to Welcome Puppet Emperor

From Water-Fowl to Woodpecker *(By the Review's Peiping Correspondent)*

Japanese Army Completes 48th Drive But Manchurian "Bandits" Continue *(By the Review's Harbin Correspondent)*

Japan Gropes Blindly for the Real Crisis of 1935-6 *(By the Review's Tokyo Correspondent)*

Modern Education and Divorce in China . . By B. Y. Lee

The Silk Industry of 1934 . . . . . By Paul K. Whang

China---An Economic Review for 1934 . . By C. Y. W. Meng

SATURDAY, JANUARY 19, 1935 VOLUME 71, NUMBER 8

FORTY CENTS A COPY

71-273

"One blow of a hammer does not drive the nail home"

●

Don't be disappointed

because you don't draw a prize at the first venture.

"Persistency is the Key Note to Prosperity"

"Try again"

The next drawing of the

國民政府航空公路建設奬券

STATE LOTTERY

is on

MARCH 1st, 1935

●

$10. per number **TICKETS** $1. per share

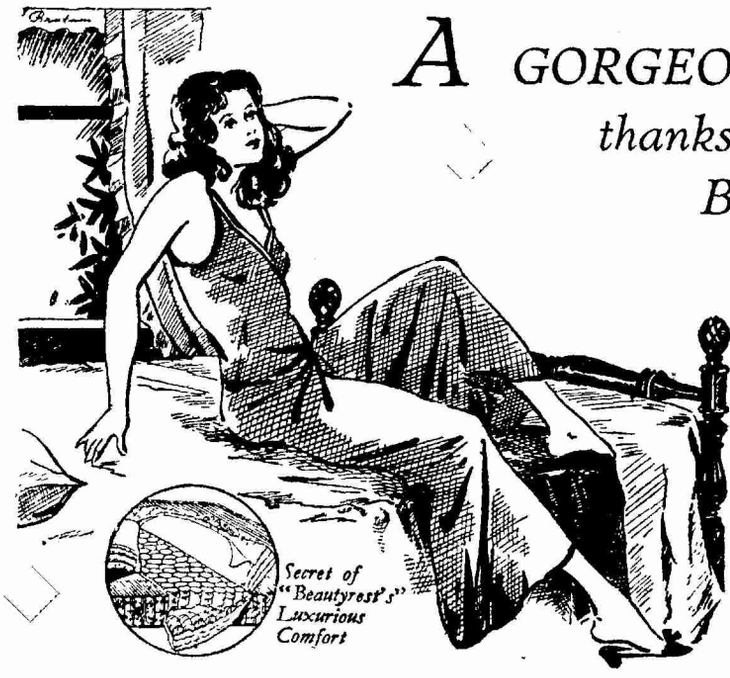
OBTAINABLE AT BANKS, STORES, OR FROM THE

NATIONAL STATE LOTTERY ADMINISTRATION

183-189 Avenue Edward VII,
Shanghai.

LOY CHANG,
Director-General.

(Every mail order purchaser is sent a Prize List by post)



A GORGEOUS NIGHT . . .

thanks to

Beautyrest MATTRESS

SOUND, unbroken, restful sleep through the whole night is what BEAUTYREST offers you. You greet the new day refreshed and ready to meet its problems.

The Beautyrest is only one of a number of mattresses made by Simmons...leading furniture stores will show you the complete line.

Look for the Simmons label—it is your guarantee of quality, value and expert workmanship.

Beautyrest Mattress

S I M M O N S

BEDS - SPRINGS - MATTRESSES

71-274

READ

"THE CHINESE REPUBLIC"

Edward Bing-Shuey Lee, Editor

SPECIAL FEATURES

1. Review of World Events
2. Survey of the Week's News in China
3. The Mis-Republic
4. What China Has
5. Chinese Leaders' Views

OTHER FEATURES

1. Editorials
2. Special Articles on Economic Development, Foreign Affairs, Current Topics and Specialized Subjects
3. Reconstruction
4. Chinese Press Opinion
5. Foreign Press Opinion
6. Documentary Data
7. Book Reviews

20 Cents per Copy

$ 7.00 Mex. per year (domestic)
$16.00 Mex. per year (foreign)

Business and Editorial Offices,
150 Kiukiang Road, Shanghai.

THE NEW CHINA

North China's Only Journal of Opinion

Chronicling the March of New China

Twenty Cents per copy - Two Dollars per year

Abroad Mex. $3 :20 per year including postage

SPECIAL REDUCTION

Commencing from January 1, to 31 Inclusive
Yearly Subscription $1.20

Send Your Order to the Following Address

THE NEW CHINA PUBLISHING ASSOCIATION

66 Kan Mien Hutung Hatamen St.,
Peiping.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches

Your work
should bear
our imprint

The National City Bank of New York, Rates of Exchange

Shanghai, Jan. 16, 1935

Demand selling rate on America:	U.S.$1.00=Sh. $ 2.90
Demand buying rate on America:	U.S.$1.00=Sh. $ 2.85
Demand selling rate on London:	£1.0.0=Sh. $14.06
Demand buying rate on London:	£1.0.0=Sh. $13.86

Latest New York Stock Exchange Quotations

January 16, 1935

Business Done:
Total Volume:- 1,370,000 Shares

1933-34 High	1933-34 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 14	Last Sale Jan. 15
115⅝	47½	3.00	Air Reduction	111⅝	110⅝
33	11⅛	1.20	Alaska Juneau	18⅛	17⅞
160¾	70¾	6.00	Allied Chemical	133½	132¾
26⅜	6	—	Allis Chalmers	16	15⅝
42½	9¼	0.80	Am. Brake Shoe & Fdry.	28	27½
117¼	49½	4.00	American Can	111¾	110½
89⅞	13	—	Amer. Comml. Alcohol	29	28
22½	8¼	0.25	Amer. Cyanamid "B"	16⅝	16⅝
19⅝	3⅞	—	American & For. Power	4⅝	4
39⅛	5⅞	—	American Locomotive	18½	17⅝
19	4⅝	—	American Radiator	14⅞	14⅝
53½	10¾	—	American Smelting	36⅞	35
134⅝	86½	9.00	American Tel. & Tel.	108¾	108⅛
94⅝	50⅝	5.00	American Tobacco "B"	83½	81
43¼	10⅞	1.00	American Waterworks	14½	13½
22⅞	5	—	Anaconda Copper	10⅞	10½
35¼	12⅝	1.00	Atlantic Refining	25	24
84¼	16⅞	—	Auburn	26½	24⅞
37⅞	8¼	—	Baltimore & Ohio	13	12⅝
49½	10⅛	—	Bethlehem Steel	31½	30⅝
11	6¾	—	Boeing Airplane Co.,	8⅞	8⅛
31¼	5½	1.00	Borg Warner	29⅞	29
20⅞	7½	—	Canadian Pacific Railway	12⅝	13
103½	30½	—	Case, J. I.	56	52½
49¾	15⅞	1.40	Chase National Bank	25⅞	24⅝
52¼	14⅞	2.50	Chesapeake Corporation	42	39¾
60⅜	7¾	1.00	Chrysler	39	38
28⅛	6⅞	—	Columbia Gas & Electric	6⅝	6⅞
57¼	9	0.60	Coml. Solvents	22	21¼
6½	1	—	Commonwealth & Southern (ord.)	1⅜	1⅛
64¼	19	1.00	Consolidated Gas of N. Y.	20⅝	20
66⅞	23¾	2.40	Continental Can	64⅝	63¼
28¾	4⅞	1.00	Continental Oil	17½	16¾
90⅝	45⅝	3.00	Corn Products	64½	63¼
9⅞	2	—	Coty Inc.	6½	6
28½	10¼	—	Douglas Aircraft	22¼	21¼
103⅞	32⅛	2.60	Du Pont de Nemours	94⅞	92⅞
117⅝	46	4.00	Eastman Kodak	115	112
31⅝	10	—	Electric Auto Lite	26⅛	24⅝
41⅝	6½	—	Electric Bond & Share	6¾	6½
19	8¼	—	Fox Film "A"	11½	11½
50⅝	16¼	2.00	Freeport Texas	23⅞	23⅝
43⅜	13¾	1.00	General America Transport	37	35½
30¼	10½	0.60	General Electric	21½	21⅛
39⅞	21	1.80	General Foods	33¾	33⅛
42	10	1.00	General Motors	31⅝	30⅝
28⅝	3⅝	1.00	Glidden Co.	25	24¼
27⅝	12	1.20	Gold Dust	16½	16¼
47¼	9¼	—	Goodyear Tire & Rubber	23⅝	22⅝
50⅝	7½	—	Illinois Central	15¼	14
40	6½	—	International Cement	29¼	28⅝
46⅞	13⅛	0.60	International Harvester	39¾	47⅝
29¼	6¾	0.60	International Nickel	23⅛	22¾
21⅝	5¼	—	International Tel. & Tel.	9¼	9¼
66⅝	12¼	—	Johns Manville	53	51
26	7⅝	0.60	Kennecott	16⅝	15½
110	49	4.00	Liggett & Myers "B"	103½	103
37¼	8¼	1.00	Loew's Inc.	32½	31¾
25¼	10¾	1.20	Lorillard	20	19⅝
35⅜	8⅝	—	Montgomery Ward	27¾	27
43	16⅞	1.00	National City Bank	22⅝	21⅝
33¼	16¼	0.50	National Distillers	26¾	25⅝
58½	14	—	New York Central	19⅝	18
36¼	10⅜	1.00	North American	12⅞	12½
96¾	31½	4.00	Owens Illionois Glass	86	86
31⅞	18¼	1.50	Pacific Gas & Electric	14½	13⅞
43⅜	21	3.00	Pacific Lighting	23½	23½
6⅞	1⅜	—	Packard Motors	5	4⅜
42¼	13¾	1.00	Pennsylvania Railroad	22⅝	21⅝
20¾	4¾	1.00	Phillips Petroleum	14⅝	14
12½	3	—	Radio Corporation	5	4⅞
54¼	26½	3.00	Reynolds Tobacco "B"	47	47
51⅝	12½	—	Sears Roebuck	37	35⅝
19⅞	6	0.60	Socony-Vacuum	13⅝	13¼
28	10¼	1.50	Southern California Edison	12¼	12
22½	4	—	Standard Gas & Electric	4⅛	4
50½	22¾	1.00	Standard Oil Co. of N. J.	41⅞	41
66¼	45¾	3.80	Sterling Products	60⅜	58¾
30⅛	10¾	1.00	Texas Corporation	20	19⅝
9⅜	2⅜	.12½	Transamerica	5½	5½
51⅞	19¾	1.40	Union Carbide & Carbon	45½	44⅞
138⅞	61¼	6.00	Union Pacific	106	102½
15½	8¼	—	United Aircraft (New)	13⅝	13¼
14½	2½	—	United Corporation	2¾	2⅝
25	11⅝	1.20	United Gas Improvement	12¼	12⅞
62½	21¼	2.00	Universal Leaf	57⅞	55
25	2⅞	—	U. S. Rubber	15	14¼
67½	23⅜	—	U. S. Steel	37½	36⅝
36¼	7⅝	—	Vanadium	19¼	18¼
13⅝	1	—	Warner Bros. Pictures	3⅞	3⅝
58¾	19¾	—	Westinghouse Elect.	38	37¼
65⅛	25⅞	2.40	Woolworth	52¼	51½

SWAN, CULBERTSON & FRITZ

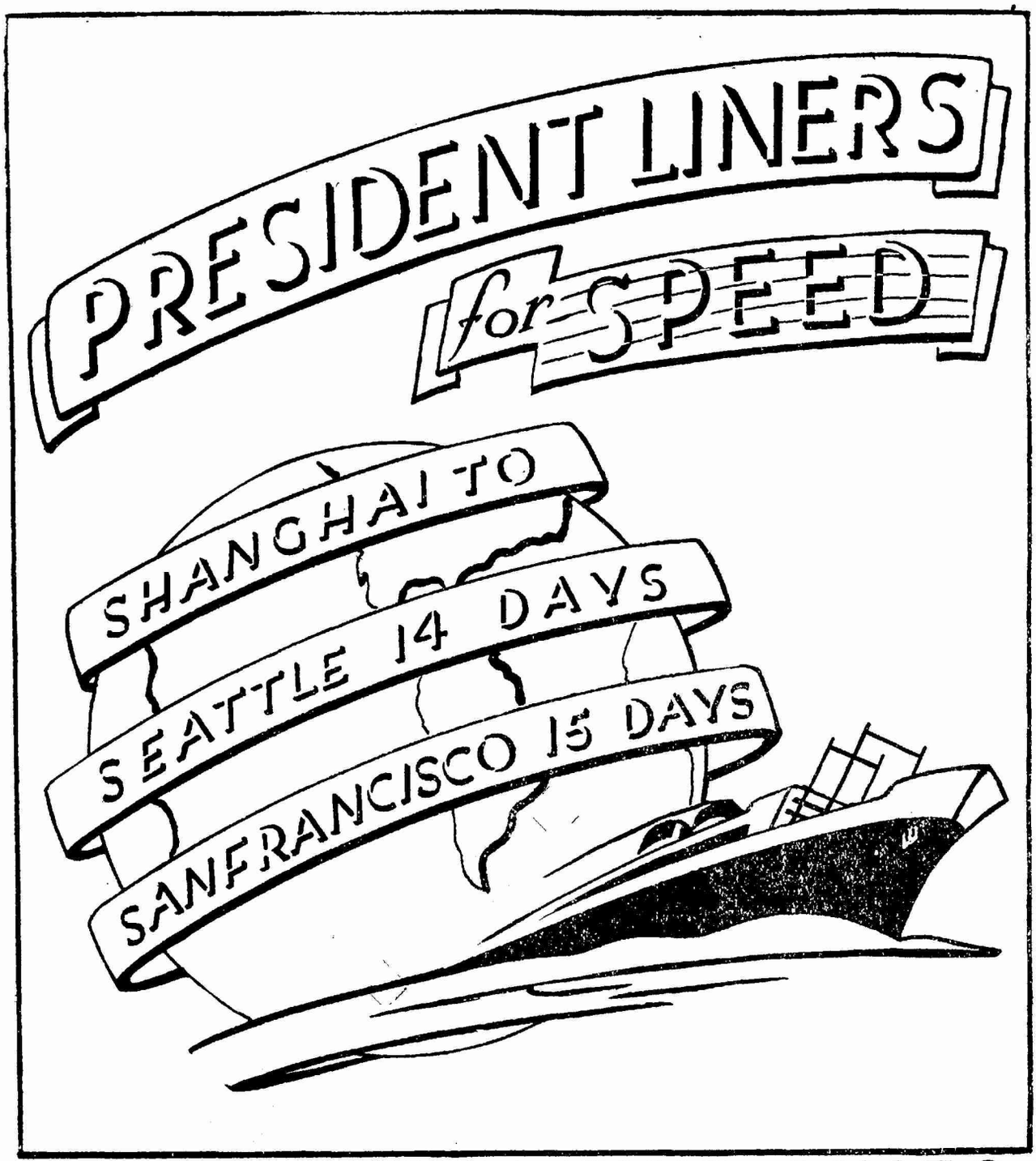
Swan, Culbertson & Fritz

Investment Securities—Local & Foreign

Safe Deposit Facilities

New York stock quotations received daily

Sassoon House Telephones 11200 (4 lines)



DOLLAR STEAMSHIP LINES
***and* AMERICAN MAIL LINE**

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China.

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

申 華 郵 政 特 准 掛 號 立 券 之 報 紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 71 | Shanghai, China, Saturday, January 19, 1935 | Number 8

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON V. KU, Advertising Dept.,; F. K. CHAO, Business Dept.

CONTRIBUTING EDITORS

C. Y. W. MENG — S. Y. LEUNG

C. Y. HSIEH — PAUL K. WHANG

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

Contents

Editorial Paragraphs

The Saar Votes to Go Back to Germany..... 243
A Murder Trial in An American Village..... 244
Will the U. S. Supreme Court Uphold the Gold Clause? 244
Japan's Attempt to Settle 3,000 Outstanding Issues With China 245
Japan's Financial Situation Becomes More Critical Mainly Due to Manchukuo Expenditure..... 248

Special Articles

Kweichow Reds Threaten to Invade Szechuan; Nanking-Canton Rapprochement Talks Continue 251
Japanese Army Completes 48th Drive But Manchurian "Bandits" Continue..... 255
From Water-Fowl to Woodpecker 257
China—An Economic Review for 1934..... .....By C. Y. W. Meng 258
Japan Gropes Blindly for the Real Crisis of 1935-6 262
Modern Education and Divorce in China..... ..... By B. Y. Lee 264
Manchukuo-Japan Trade Relations..... 266
The Silk Industry of 1934.....By Paul K. Whang 270
Who's Who in China..... 271
Men and Events 272
New Books of Interest in the Far East 273

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

THE SAAR VOTES TO GO BACK TO GERMANY

THE old saying that "blood is thicker than water" received another exemplification by the vote in the Saar, where the residents by an 85% majority decided to join Germany. It is another example of how racial atavism permeates the decisions of mankind despite milleniums of so-called civilization. The Saarites voted with their hearts, and not with their heads. The question as it came to their minds was simply this: Are we Germans? The answer is Yes. Where do we belong? To Germany! The fact that they were living under the benevolent aegis of the League of Nations, under which they enjoyed comparative freedom of speech and also freedom of the press, whereas in Germany as ruled by Hitler they have neither, seemed to weigh with them not at all. This is probably the first example in the history of the world that a people who were enjoying the benefits of a democracy deliberately have thrown these over and decided to bend their heads under the yoke of a dictatorship. Racial characteristics are still the deciding point in most of the decisions of mankind, whether as individuals or as groups, Jew or Gentile, and the Saarists voted true to form. The average of education and intelligence of the inhabitants of Saar is among the highest in the world. There is probably not an illiterate person in the whole district. The Saarites understood exactly what they were voting for, and barring the small percentage that were swayed by intimidatory tactics, they voted just as they felt, namely that as Germans it was their duty to rejoin their people regardless of other considerations. The gregarious spirit has always been strong among the lower levels of human society. In New York City, for example, the foreign colonies are to be found practically as they were founded fifty or a hundred years ago. And the Saarist vote shows that the gregarious spirit is almost as strong among the educated as among the ignorant. The Saarists as a group allowed their racial instincts to dominate their decision. There are many precedents for such action. Some of them as individuals, will probably feel in

their calmer moments that they have made a mistake. But we doubt whether one could be found to acknowledge that fact.

A MURDER TRIAL IN AN AMERICAN VILLAGE

PROBABLY the most famous murder trial in the legal annals of America is now taking place in Flemington, New Jersey, a village of less than three thousand inhabitants. The town has no daily newspaper, merely two weekly newspapers usuaully devoted to chronicling local visits, births, deaths, marriages, and with an occasional robbery or other unusual event to brighten up their pages. Now, as the result of the trial of Bruno Hauptmann for the alleged murder of the infant soon of Colonel Charles Lindbergh, the town has become the center of the most intensive news gathering organization in the annals of American newspaperdom, with the possible exception of the Dayton (Kentucky) "fundamentalist" trial of several years back when the fact that two such great antagonists as the late William Jennings Bryan and Clarence Darrow would face each other was one of the principal drawing cards. This ordinarily quiet town has been descended upon by newspaper reporters by the hundreds, photographers, movie men, telegraphists, telephonists and artists, the Court House has been wired for land and aerial messages, and practically every house in the town has temporarily become a boarding house so as to accommodate the horde of invaders who will turn out miles of copy, thousands of feet of reels, photographs galore, and send telegrams and telephone messages, every few minutes, while a waiting world discusses the probable guilt or innocence of the accused. Not only is the evidence reported at length, but columns and columns of extraneous matter, such as the probable drift of future evidence, interviews with counsel connected with the trial, opinions of jurists concerning the case, and so on. Thereby the interest of the American public is worked up to fever heat and the circulation of newspapers all over the country is given a temporary boost. And the irony of it all is that the subscribers to the town's two weekly newspapers have to depend on newspapers from outside of the town to get the news of the trial, as the local newspapers have neither the space nor the facilities to report the case except in the briefest form.

A somewhat similar state of affairs, although not to the same degree, existed as regards Shanghai in past years. Take for instance the Revolution of 1911-12 in China, or particularly the Boxer trouble of 1900. The newspapers in Chinese cities had not the money or the facilities to get the news in detail. That was left for the special correspondents of the great newspapers of the world and such organizations as the *Associated Press*, who sent special men here. Particularly in America were newspaper readers kept better informed of the stirring events going in those days in this country than were the residents of the treaty ports in China. Even editors of local newspapers awaited with eagerness the arrival of the papers from America or other foreign countries in order to get full details of what was going on so close to their doors.

WILL THE U. S. SUPREME COURT UPHOLD THE GOLD CLAUSE?

THE U. S. Supreme Court has before it one of the most momentous cases in its history, namely whether the United States government, and with it, naturally, private debtors, are obligated to pay their debts in gold, as stipulated by the documents which they have issued, or whether they will be able, as the United States has been doing for more than year, to evade their obligations by handing out depreciated paper? The Supreme Court has before it the same sort of a delicate problem that it had during the World War when the U. S. Government invoked universal conscription. On behalf of a conscientious objector, the issue was brought before the Court as to whether U. S. Congress had the right to invoke such a law in view of the stipulations of the thirteenth amendment to the Constitution of the United States which plainly states that:

> **"Neither slavery nor involuntary servitude, except for punishment for crime whereof the party shall have been duly convicted, shall exist within the United States."**

In giving its decision in said case, the Court hemmed and hawed a great deal and put forth arguments in support of its decision so flimsy that a child could tear them to pieces, but as it was important for the life of the nation that conscription should be enforced, a decision based on expediency and not on logic was delivered by the Court. The case before the Court as regards the gold clause is almost similar in character. The arguments by the Government are mostly based on what would happen to the country if the clause should be enforced. The arguments are not based on such a plain proposition as, "We obligated ourselves to pay in that way, and therefore we ought to pay." When the U. S. Attorney General brought forth the precedent of England, which decided to suspend gold payments, one of the U. S. Supreme Court Justices remarked that what England did could have no influence on the U. S. Court's decision.

All authorities agree that the Court will decide the matter one way or another by a narrow margin. A decision in favor of the gold clause may even spell the death-knell of the Supreme Court itself and may result in a complete change in the American theory of government. Reverence for the Constitution has in recent years considerably diminished, and the feeling is more and more gaining ground in the United States that the final say as to what should be law in this Twentieth Century should be in the hands of the present generation and not be subject to the opinion of nine men, however wise and honest they may be, as to what the lawmakers of the Eighteenth

Century had in mind when they drew up the Constitution. However, one thing remains clear: The U. S. Government has no intention whatever of paying out on the basis of gold, no matter what the Supreme Court may decide. If the decision of the Court should be against the Government, legislation to nullify its effect will undoubtedly be immediately passed.

Japan's Attempt to Settle 3,000 Outstanding Issues With China

THE *Yomiuri Shimbun*, one of the leading Japanese newspapers, published a report on Jan. 9 stating that Foreign Minister Hirota is now concentrating his attention on the settlement of outstanding issues between Japan and the Chinese Republic. The number of pending issues between the two countries, according to the report, are more than 3,000, the outstanding ones being a further revision of the Chinese tariff on Japanese goods, establishment of wireless telephone service between the two countries, the pilotage issue, readjustment of debts, and numerous matters affecting the triangular relations of Japan, China and the puppet state of Manchukuo. The report in the Tokyo paper said that the Japanese Foreign Minister recently had ordered an investigation of all outstanding issues with China and that a compilation of such issues is being made. As soon as this has been completed Akira Ariyoshi, Japanese Minister to Nanking, will return home for a conference, upon which occasion definite and final arrangements will be made and measures for a final solution will be decided upon. The period for putting these measures into effect will be sometime in March. The *Jiji*, another leading Tokyo paper, stated on the same day that a leading Japanese military officer, Lieut.-Colonel Kagesa, had asked Gen. Chiang Kai-shek for an interview, announcedly for the purpose of informing Gen. Chiang regarding Japan's policy and at the same time requesting Gen. Chiang to "express his true intentions."

That the Japanese are actively preparing for another showdown with China appears obvious. In last week's issue of *The Review* there was a reference to the conference of high Japanese military officers at Dairen which was called by the Gen. Jiro Minami, the new Commander-in-Chief of the Kwantung army. This conference which was participated in by all important Japanese military officers concerned with Chinese and Manchurian affairs was called for the purpose of considering Japanese policy toward China and while the details regarding decisions were kept secret, there were several inspired press reports indicating that the Japanese military authorities were dissatisfied with what they termed Chinese "insincerity." In addition to this there were numerous other reports published in the Tokyo newspapers, also inspired by the military authorities, to the general effect that Japan was planning a change in her China policy. Then, in addition, were two articles written by Lieut.-Col. Kagesa, which appeared in the local Japanese newspaper in Shanghai, which made further charges of insincerity on the part of Chinese officialdom and in particular charged the Central Kuomintang Committee in Nanking with responsibility. Col. Kagesa accused Wang Ching-wei, head of the Executive Yuan and concurrently Foreign Minister; Huang Fu, chairman of the Peiping Political Committee and Chen-I, head of the Fukien provincial government of insincerity and more, he declared that they "are nothing more than puppets hiding the anti-Japanese machinations of the Central Kuomintang." According to Col. Kagesa's view the Chinese people in the mass desire better relations with Japan, but they are prevented from achieving their objective by a few of the Chinese 'ruling class' who are misleading the innocent people into following a policy of resistance. . . ."

It probably is more than a coincidence that the Japanese military authorities should be considering a change of policy in the direction of more intensity at this particular time. In the first place, Gen. Jiro Minami, the new Commander of the Kwantung army, has gone to Manchukuo with greatly enhanced powers, so great in fact that he and the Minister of War in the Tokyo Cabinet now have almost undisputed control not only of China's former northeastern provinces and everything embraced therein, but also have the last say with respect to Japanese policy on issues affecting Manchuria. This places Gen. Minami, who has always been noted for his "hard-boiled" attitude, in a position where he and the staff of the Kwantung army can probably exercise a deciding influence over Japanese policy toward China generally. That this will lead to a further militarization of Japanese policy toward China appears obvious because the Kwantung army has now become all-powerful and is in a position to counter-act or neutralize any efforts on the part of the Tokyo Foreign Office to improve

General Jiro Minami

Sino-Japanese relations through ordinary diplomatic methods. An example of this was shown a few weeks ago when high officials of the Tokyo Foreign Office assured foreign newspaper correspondents that there would be a moderation of Japanese military pressure on China, but now, as stated by a correspondent in last week's issue of *The Review* (page 220) "Japanese civilians are showing far less independence than they did three and a half years ago."

A further possible reason for the sudden intensification of Japanese military policy toward this country is to be found in the fact that the Diet is now in session and the military authorities are compelled to show justification for their monopolization of more than half of the available revenues of the country. The critical financial situation now prevailing in Japan is indicated in an article appearing elsewhere in this issue showing that grave apprehension prevails among the civilian elements as to the future unless something can be done to curb military expenditures. But the military leaders know full well that the best way to stifle opposition is to "start something," on the Chinese front.

But beyond all else is the high necessity for the Japanese military groups to bring to an early fruition their long-formulated plans for the control of China. The abrogation of the Washington naval limitation treaty has naturally caused serious apprehension in Japan with respect to the Empire's future relations with the United States and Great Britain, and this, in turn, has caused the military authorities to feel the necessity of consolidating as quickly as possible their defensive position in Asia. Major-General Renskue Isogai, Director of the Second Section of the General Staff, in a recent article in the magazine *Gaiko Jiho*, declared that it was absolutely necessary for Japan to conclude an "economic bloc" with Manchukuo and equally necessary to force China into the same combination. He said that all possible means must be adopted to foster intimate relations with Japan's neighboring nations in order to obtain their principal resources for Japan's use in case of war with an Occidental nation. Referring to the domestic policies of the Tokyo government, he said that it was necessary for Japan to manage things in such a manner that there would be the least possible difference between peacetime and wartime conditions.

Under the guise of "establishing the peace of Asia," the Japanese military authorities apparently have decided to make the present year of 1935 a decisive one in the relations of their country with the Chinese Republic and its four hundred millions. As the *Nichi-Nichi Shimbun* put it, Japan's policy dating from Jan. 1 will be to deal directly with Gen. Chiang Kai-shek, and while the method of approach has not yet been worked out, the Japanese army will shortly require the Chinese Commander's complete understanding and appreciation of the fundamentals of Japanese policy on the following points:

1—Japan's real purpose in establishing peace in Asia.
2—A guarantee on Nanking's part that there shall be complete control and suppression of all anti-Japanese movements and boycotts which have been responsible for the unpleasant atmosphere in the relations of the two countries.

The *Nichi-Nichi* stated further that Japan's forthcoming proposals will differ materially from former demands, in that China will no longer be permitted to procrastinate. Japan intends to determine once and for all whether Sino-Japanese relations are to be improved or further aggravated. China's future actions will be subjected to scrutiny from all angles. If China reconsiders her former attitude toward Japan and is willing to accept Japan's plan of cooperation, then Japan might be willing to make "certain sacrifices" in supplying China with economic assistance. Such assistance, however, will not be given China merely for the purpose of winning China's friendship and thus providing another opportunity for deception, but will only be extended to the Nanking Government after Japan is fully convinced that China actually has repented. As a prelude to this strong language in the Tokyo paper the *Nichi-Nichi* stated that all through the year of 1934 Japan was "victimized by Gen. Chiang Kai-shek's skillful tactics which prevented the fundamental solution of any important issues. . . . As a repetition of this sort of diplomacy could not bring any material benefits to Japan, the Japanese Government has decided to demand China's reconsideration of attitude on the fundamental issue of establishing the peace of Asia. . . and since China is being placed under the dictatorship of Gen. Chiang Kai-shek, Japan will deal directly with the Generalissimo. . . ."

Of still further interest with respect to Japan's methods in dealing with China was a report in the *Miyako*, another Tokyo publication on Jan. 10 suggesting that while the Kwantung army is applying military pressure in the North the Tokyo Foreign Office will propose to Nanking that Japan is ready to "assist" China in liberating herself from all restrictions placed on this country by the Occidental Powers, including the abolition of exterritoriality, rendition of concessions, etc. The article in the *Miyako* said that the Nine-Power Treaty adopted at the Washington Conference, instead of guaranteeing China's territorial integrity and the Open Door actually reduced China to the position of a colonial appendage of the Western nations. The treaty also interfered with the political and economic stabilization of the Far East, but particularly it interfered with the relations of Japan, China and the puppet state of Manchukuo. Therefore, Japan shortly will present the National Government with a definite plan for the complete reorganization of the Far Eastern situation that would eliminate Occidental restrictions on China and at the same time provide for close cooperation between China and Japan and Manchukuo.

LIFE IN SHANGHAI IS NOT SO BAD AFTER ALL!

The following is a free translation of an article by V. Rostovtseff in the evening edition of the "Shanghai Zaria," Jan. 11.

SHANGHAILANDERS frequently complain concerning their town and dream of other places where they would be able to "really live" and carry on profitable business. Nevertheless, travellers who come to Shanghai listen to such remarks with real surprise and cannot help but praise our town. According to persons who arrive here from Europe and America, and from what one learns from newspapers and private correspondence, life in the West is at the present time much more difficult and oppressive than here in the Far East, and visitors here are particularly struck with the comparative freedom which is enjoyed by residents in this international city. In Europe and America the economic and political crisis has resulted in extraordinary measures which lay their heavy hand upon all private enterprise. All sorts of taxes, other monetary exactions, and restrictions almost blot out the businessman in the Western world. Let us take for example so simple a matter as the exporting of ten pairs of shoes out of no matter which European country. You will then learn what a difficult operation this becomes, and understand the troubles of the merchants in many parts of the Western world. The heavy hand of officialdom weighs down upon him from every direction. He must trade under strict regulations, he is not free in anything, every move is restricted, he is met everywhere with endless "noes," and always the documents must bear some special "chop." The merchant in Europe has to pay not only taxes and duties, but super-taxes and super-duties; he is made to sacrifice in all directions. People who arrive here from Europe and America state that Shanghai is like another world, that here personal intiative is given an opportunity, and that one can carry on business under more or less normal conditions at moderate cost. Here one only meets ordinary taxation, and there is no one to tell you that you must make use of such and such employees for which you have no real need nor are you deprived of employees whom you really do need. Here also you have the advantage of a cheap market, cheap servants, and cheap prices for life's necessities. But there is one respect in which visitors find room for criticism and this point is well taken. Rents for both business premises and for living quarters are comparatively too high. But in other respects Shanghai residents are in the wrong in complaining about the town in which they live and work. Conditions here may not be as good as we would like them, but they are better here than in any other place. This is stated on the authority of those who have had personal experience and who have the necessary facts from which to draw a comparison.

PASSPORTS VIS-A-VIS THE RIGHT TO EXIST

(*From the Japan Chronicle*)

SOMEHOW a passport is regarded as establishing a right to exist, which may be denied in its absence. Generally it is only required when entering a country, and before the war it was not required at all, except in Russia. But it is safest for any foreigner to have his passport with him when he travels. There was the case the other day of the Japanese officer photographing the coast of Florida, who would have had less trouble if he had had his passport with him. And more recently it was reported that Percy Buchanan came under suspicion mainly because he did not take his passport with him on a visit to the Luchus. We have known a passport to be demanded when crossing from Moji to Shimonosekit Though it may be quite irregular to demand a passpor. when landing in one part of Japan from another part of Japan, it is often done, and the line of least resistance is to have it and show it when asked for. The frequency with which passports are unlawfully demanded is an additional reason for promoting abolition.

CHINESE IN MALAYA RECEIVE HIGH COMMENDATION

THE *Malaya Tribune* (Singapore, Dec. 31) in an editorial highly commendatory of Chinese participation in the development of Malaya, mentioned that C. W. Harrison, in the course of an excellent guide book to Malaya, stated that if ever a monument was raised to the man who was responsible for the country's fortunes it would be a statue of a Chinese coolie. The remark is justified in a sense, the *Tribune* said, for it was largely to the labor of the Chinese coolie, going to Malaya in his thousands, that the development of the country was due. But the coolie is not the only Chinese individual to whom Malaya has cause to be thankful. Chinese of all classes had been coming to Malaya for hundreds of years—there was evidence of intercourse between Malay and China in A. D. 421—and the great part they have played in building up the country has been acknowledged with gratitude from the time of Raffles down to to-day. The Chinese, the *Tribune* continued, have made modern Malaya possible. "It would take a very big volume," says "One Hundred Years of Singapore," "to tell of all their numerous activities in the mart, in friendly and charitable societies, in works of private charity, individual and collective, the liberal support that have always given to education, works of public utility and ornament and the splendid foundation they form for the business prosperity of Singapore."

Another tribute to the Chinese in Malaya was made at a banquet in honor of Sir Shenton and Lady Thomas, the Governor, in Singapore, Dec. 28. Sir Shenton, among other things, said: "The Chinese Community has been very instrumental in promoting the general development of this great Colony and I and my Government have no intention whatever of denying the share that the Chinese have taken in making Malaya, if not the greatest, one of the greatest of the Crown Colonies."

A Cricticism from an Overseas Chinese

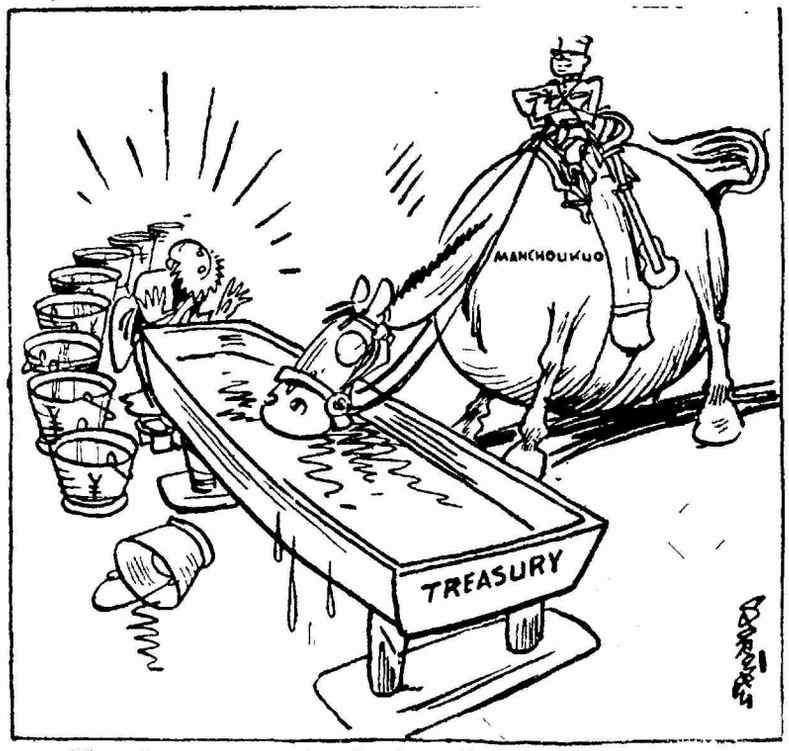
To the Editor, *China Weekly Review*:—

Born a national of unfortunate China, one cannot help watching recent events in the country. Greater still is the eagerness of an oversea Chinese, whose first and foremost aim in opening an issue of this kind is to see if no new disaster has befallen the mother country. I say "new disaster" because I am aware that glorious achievements are quite at an arm's length from our Nation. Over and again, we are told that such and such are under construction, and such and such have been reformed. The most attractive of all is of course the "Abolition of Miscellaneous Taxes." We, who have had enough, and detest having more of the heavy taxation, naturally feel deeply indebted to those who proposed and passed the motion. But if one gets information other than from publications, he would surely be convinced that good news in connection with China seldom turns out to be true, and that our officials, civil as well as military, are specially good for inventing plausible headings for newspapers. Have not we been repeatedly told that Canton has abolished all her miscellaneous taxes? Yet only recently, I received information from Hong-Kong that my native village, a village in the model district of Chung-shan, was forced to leave its crop ruined in the fields by the so-called garrison which stopped the natives from reaping, owing to a slight delay in paying the miscellaneous taxes. This may be a child's play to the authorities concerned, but starvation lies in wait at the doors of the natives. Unless substantial reforms to mishaps of this kind are immediately made, I fear the heat of patriotism in our oversea Chinese will soon be forced to cool down. WONG YEOW WYE.

Kelantan, Malaya, Dec. 1, 1934

Japan's Financial Situation Becomes More Critical Mainly Due to Manchukuo Expenditures

RECENT news from Japan indicates that the country is facing a serious financial crisis, and, strange to relate, Manchuria—which has so often been referred to by the Japanese militarists as Japan's "life line"—appears in quite another role under existing conditions. The one man in Japan that has the courage to stand up against the demands of the Japanese military party is the venerable Minister of Finance, Mr. Takahashi—and the fact that he was called back to office several months ago when the financial situation was becoming alarming, gives him a prestige that attaches to few other members of the Cabinet. Not only in newspaper interviews but at meetings of the Cabinet, Mr. Takahashi has impressed the point on the military authorities that the immense flow of money from Japan to Manchukuo was bound to have an adverse effect on the country's finances. Mr. Takahashi told the *Asahi*, among other things, that he hoped tne military authorities would take into consideration the fact that Japanese money spent in Manchukuo is money spent in a foreign country. Mr. Takahashi also sounded a warning against the huge amounts of private capital that were being sunk in Manchuria. On this point he said: "I reiterate that the investment of Japanese funds in Manchukuo affects the finances of this country to the degree of investments in any other foreign land, and thus we must use the same discretion, in order to avoid adverse effect on our foreign exchange. I hope that large investors will appreciate the fact, and consult Finance Ministry authorities before transferring funds in bulk." He added that the Government did not intend at present to restrict investment by the public in Manchurian enterprises, or the payments that must be made for certain purposes in the country, but nevertheless the Government had to watch the outflow of funds carefully.



The above cartoon by G. Sapojnikoff, well-known Russian artist, which appeared in the "North-China Daily News" on Jan. 11 was based on the recent reports from Tokyo pertaining to increased financial tension due to the financial demands of the Kwantung Army in Manchukuo.

Mr. Takahashi expressed the opinion that the Japanese are overly zealous in Manchukuo investments, and he said the Finance Ministry is giving consideration to the effect that these large investments may have on the trade balance of the country. During 1933-34, for instance, the Government created a debt of Yen 80,000,000 through payment of salaries and the purchase of commodities in Manchukuo—and the amount was exclusive of may other obligations which were met.

Mr. Takahashi elaborated his views at a meeting of the Cabinet Jan. 8. He called repeated attention to the financial burdens of the Japanese Government in Manchukuo and hoped that such governmental expenditures would decrease in the future. In making the statement, Mr. Takahashi, who always has put emphasis on the nation's financial power to absorb official bonds in reference to the issue limit of government red-figure bonds, noted once more that the financial burdens of the Japanese Government in Manchukuo of late amounted to Yen 80,000,000 a year and that if this figure included private investments in Manchukuo, the sum reached would be more than Yen 140,000,000.

Two major financial transactions stare the Japanese Government in the face, namely, the payments for the transfer of the Chinese Eastern Railway and redemption of the old Sterling bonds contracted by the South Manchuria Railway Company. In respect to redemption of the old Sterling bonds, Mr. Takahashi said the Government had assurance that the redemption operations would be completed this year. However, the Finance Ministry would be called on to conduct other operations in order to check an undue depletion of the yen exchange.

The South Manchuria Railway Company's £6,000,000 bonds bearing 4.5 per cent interest issued in British currency (worth Yen 102,500,000 according to the present rate) mature on January 1 next year. The *Asahi* points out that the handling of this matter will have a very important bearing on Japan's international account for this year. It is considered possible that Japan's foreign exchange will be seriously disturbed by

the S.M.R. bonds. To cope with the situation the authorities of the Government, Bank of Japan and the Yokohama Specie Bank have been devising measures since last year. As the first step Hideshige Kashiwagi, director of the Yokohama Specie Bank, who is a foremost authority on foreign loans, was dispatched to London via New York at the end of November last year. At present he is in London negotiating with influential bankers there. It appears that Mr. Kashiwagi's mission is to sound if the S.M.R. bonds can smoothly be converted into bonds and whether new bonds can be secured in Britain either for S.M.C. or Manchukuo even if the present bonds are to be redeemed.

Gen. Senjuro Hayashi, Imperial Japanese War Minister, discussing Russo-Japanese military affairs and politics with Ataman Semenoff, former general in the Imperial Russian army and commander of the Trans-Baikal Cossacks in the Siberian campaign. Gen. Graves, commander of the American forces in Siberia, in his recent book, labeled Semenoff a "bandit" in the employ of the Japanese army. Gen. Semenoff, who is now residing in Dairen, recently made a trip to Tokyo, upon which occasion this picture was taken. According to report Semenoff is engaged in recruiting Russian White guards for service with the Japanese forces in Manchukuo.

One of the reasons why the Finance Ministry has frowned upon permitting Japan's electric power or light companies to redeem through further purchase of foreign debentures (as a means to prevent future burdens on the companies' part because of the growing depreciation of the yen) is that such action by the electric companies might interfere with, or compromise, the negotiations for the redemption of the British S.M.R. bonds and the C.E.R. Railway transfer fund.

Although Finance Minister Tasahashi has from the outset regarded the further issue of red-ink bonds as inevitable, yet he is trying his best to secure the balance of revenue and expenditure which is so vitally necessary—a task which is becoming increasingly difficult.

The present indications are that the Japanese will float about Yen 30,000,000 in "red-ink" bonds early in February; this will leave about Yen 10,000,000 still to be floated during the current fiscal year ending in March. The last issue of similar bonds was in November when the Government borrwed Yen 20,000,000 at 4 per cent through the Bank of Japan under its policy of allowing the institution to place the bonds on the market when conditions are most favorable.

The Chinese Raiilway sale draft agreement provides for an immediate cash payment of approximately Yen 21,800,000, representing half of the total payments in cash, which comprise one-third of the entire purchase price. The balance in cash is to be paid in three-year instalments with an interest of 3 per cent per year. In case the yen exchange witnesses fluctuations of 8 or more per cent in terms of the Swiss gold franc, the amount paid in cash is to be adjusted proportionately. While the transaction is between the Soviets and Manchukuo, the funds will be provided in Japan by means of a bond-issue floated by the Changchun government.

Official circles in Japan are naturally perturbed over the financial outlook, among the unfavorable signs being the decrease in foreign funds held by the Yokohama Specie Bank in view of the unfavorable trade balance for 1934 totalling Yen 163,000,000. The Speice Bank's foreign holdings are said to have fallen to the Yen 200,000,000 mark.

What Japan is trying to do, of course, is to assume an appearance of financial stability before the world with the hope of securing foreign financing, particularly in England. Without help from abroad Japan is almost doomed to sink into a financial abyss. Also Japanese diplomats have probably another point in mind, the same that a German Finance Minister expressed some years back, namely, "We lost the war because we didn't owe America enough money." The Germans have since remedied that oversight! And the Japanese doubtless wish to profit from the German experience. In the meantime the maintenance of Japan's financial prestige abroad is proving to be an increasing strain on the national coffers because of the drop in the yen.

Takahashi Gives Okada Cabinet New Lease of Life

The *Tokyo Oriental Economist* (Dec. issue) said that the reappointment of Mr. Takahashi to the Finance portfolio has completely changed the complexion of the Okada Administration, which has gained a new lease of life. Some critics no longer look upon the Government as Okada's but rather as one whose guiding spirit is Takahashi. The Seiyukai, because of its opposition from the beginning to the Okada Ministry, is not pleased with Mr. Takahashi's acceptance of a seat in the Cabinet, and has broken off relations. Nevertheless, Mr. Takahashi, unlike his predecessor, enjoys the undivided support of the business world, and one wonders how far the Seiyukai can carry its fight against a man of his caliber and prestige. As the 1935 budget bill embodying the tax increase program will be submitted to the regular session of the Diet which opens shortly after mid-January, it is still too early to make any prediction. But the sentiment is gaining ground that after all the Seiyukai may endorse the tax bill, that there will be no dissolution of the Diet, and that the Okada Government will continue in power.

Banking Syndicate to Accept Manchukuo National Bonds

A Japanese banking syndicate Jan. 15 decided to accept Manchukuo national bonds amounting to Yen 170,000,000, the sum to be used by the Manchukuo Government to pay for the Soviet share of the North Manchuria Railway (C.E.R.). The syndicate also decided to advance Yen 30,000,000, the amount expected to be stipulated in the final agreement as the first cash payment to Soviet Russia, as soon as the Manchukuo Government requires it, with the following advancements to be made at certain intervals. The syndicate consists of three concerns, the Japan Industrial Bank, the Bank of Taiwan and the Bank of Chosen.

THE GIST OF JAPANESE PRESS OPINION

Welcome news has been received that Emperor Kangte will visit Japan early this spring. The Japanese nation must convince the Imperial visitor of the Japanese sincerity and friendship towards the new Empire of the Far East.—*Tokyo Miyako.*

Since Japan's policy is to help Manchoukuo become an independent Power, it is highly advisable that a definite plan be made to carry out this policy. And as the first step, removal of unrest on the Soviet-Manchou borders is essential.—*Tokyo Jiji.*

The Finance Minister's recent warning of the Government against the unrestricted outflow of Japanese currency into Manchukuo includes many serious economic problems. Among other things the steady decline of the yen value in Manchukuo deserves particular attention.—*Tokyo Nichi Nichi.*

We notice a significant change in the British Lytton and Barnby reports and the change in the American press opinion from Manchukuo nonrecognition to recognition. We hope and trust that the year 1935 will thus mark the end, not the start, of our so-called national "emergencies."—*Tokyo Kokumin.*

The year of 1935-36 will be a critical one for Japan, since her sense of national security will depend on whether a suitable disarmament pact will be concluded. To avert the anticipated crisis, it is best that America and Japan attempt to seek a political understanding concerning this problem.—*Osaka Asahi.*

Whatever the result of the disarmament parley, necessary adjustment of the aftermath can be effected diplomatically. Japan's diplomatic policy for 1935 must be the improvement of her relations with the Soviet Union and China. Both Russia and China should realize the necessity for such improvement. —*Tokyo Chugai.*

It is a matter for national congratulation that the system of licensed prostitution in Japan is about to be abolished. But the authorities must be on guard to combat any new form of vice which may appear.—*Tokyo Asahi.*

It is disappointing that the proposed Natonal Policy Board will exclude diplomatic and State defence affairs from their discussions, for national diplomatic and defensive polices are dependent upon each other.—*Tokyo Miyako.*

An important political problem for 1935 is whether the Cabinet and Diet will recover the popular confidence lost. Such recovery may easily be secured by resorting to the dissolution of the Diet. In dissolving the Diet the Government need not worry over pretexts. Its lack of popular credit is in itself sufficient.—*Osaka Asahi.*

Besides the establishing of a National Poliey Investigation Board, the Government wants to create a Budget Bureau. We can not see the need of such institute when we have already the Accounts Bureau. If this Bureau's work is unsatisfactory, it is because the Cabinet itself lacks proper executive ability. —*Tokyo Chugai.*

Economic conditions in Japan remained rather stable during the year of 1934, but whether this stability will continue during the present year remains to be seen. Many disturbing factors are still present, and it is well that we remain on guard against a possible outbreak.—*Tokyo Asahi.*

Remarkable as the aerial development Japan has made, it is nothing as compared with the conditions in foreign countries. Developing an aerial transport and defence services is an urgent problem of 1935 with this Empire, and to ensure their satisfactory progress, it seems best to establish an Aero-Department.—*Tokyo Asahi.*

Economically, 1935 will be better than the past year. This is because no inflation is expected to follow the present loan policy of the Government and because Japan's foreign trade will witness further improvement.—*Tokyo Jiji.*

Military industries will witness another prosperous year. The Government should bring about real farm relief for the famine stricken areas. Japan must be on guard not only against inflation, but against the possible disturbance of the economic markets abroad.—*Tokyo Hochi.*

While the new budget contains unusually large State defence estimates, due to the present powerless condition of the political parties, we can only hope that they will see that no further increase of such estimates is made in future. As for farm relief, the Government must make supplementary appropriations.—*Tokyo Miyako.*

It is reported that the judicial authorities intend to expose all corrupt Diet members for the purpose of political purification. To us such an attempt is not only unwise but improper. They would only be going too far, whatever their motives, into the field of State politics.—*Tokyo Miyako.*

The increasing power of Hitlerism is the primary cause of the diplomatic unrest in Europe today. Because of this, and fear of possible German-Austrian reunion, has caused the friendly relationship between France and Italy. The future of the European politics now depends on what attitude the Nazis will take.—*Tokyo Kokumin.*

The Mussolini-Laval agreement is as important to the stabilization of the international polities as the reported conciliatory attitude of America is to the disarmament problem. The former directly guarantees the peace in Europe and the latter facilitates the guaranteeing of peace in the Pacific.—*Tokyo Asahi.*

The American budget shows a large deficit due to the necessity for aiding the unemployed; so serious is the problem of unemployment relief in America inspite of the efforts the American authorities have thus far employed for its solution. This must be duly noted by those Japanese who are too ready to credit American economic opitmism.—*Osaka Asahi.*

It is quite timely that the Kwantung Army authorities are now studying means to improve Sino-Japanese relations. It is also reassuring that the C.E.R. negotiations now promise to contribute much to the improvement of the Oriental situation. —*Tokyo Miyako.*

Saarites Vote Overwhelmingly for Return to Germany

The official figures in the vote of the residents of the Saar Jan. 13 was as followes:

	votes	
For reversion to Germany.....	477,119	(90.8%)
For retention of the status quo.....	46,513	(8.8%)
For annexation by France.....	2,123	(0.4%)
German majority.....	430,306	

Voters from China and Japan in the Saar Elections

Frau Ida Mondenoch of Shanghai was among the voters at the Saar elections. A *Trans-Ocean* message from Berlin mentioned that the name of Frau Mondenach appeared in the first preliminary list of those Saarlanders who are entitled to participate in the plebiscite, but was removed as a result of objections lodged from communist quarters. A powerful fight was necessary before Frau Mondenach was able to prove her incontestable right to vote. All this took considerable time so that when finally the name reappeared on the voting list the last steamer from Shanghai that could enable Frau Mondenach to reach the Saar in time had left. The only possibility remaining was to catch the last Siberian express by using an airplane from Shanghai. Friends of German nationality quickly subscribed the passage money and Frau Mondenach arrived just in time to vote.

Rev. Peter Steinmetz, a German missionary in the Hokkaido, Japan, was among these who voted in the Saar elections. He left Japan last month for the Saar.

Kweichow Reds Threaten to Invade Szechuan; Nanking-Canton Rapprochement Talks Continue

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nanchang Staff Corps Arrives at Chungking to Direct Anti-Red Campaign**
2. **Nanking Troops Enter Szechuan After Fall of Kweichow City**
3. **Yunnan Forces to Join in Campaign Against Reds in Szechuan**
4. **Kiangsi to Spend Millions for Rehabilitation of Recovered Districts**
5. **Nanking and Canton Continue Talks on Co-operation Issue**
6. **Hu Han-min May Go Abroad for Investigation Tour**
7. **Chinese Customs Launch Sunk by Japanese Steamer Near Wuhu**
8. **Peiping Political and Military Councils to Remain**
9. **Advisor to Nanking Mission to Tibet Dies at Lhassa**
10. **Kwangtung Military Mission Sails for Europe**

Considerable nervousness is being felt in Chungking owing to the threat from the Communists, who are making their way northwards through Kweichow, to enter Szechuan and attempt to cross the Yangtsze to join their comrades already in the north-eastern parts of the province, according to a report in the *North China Daily News* Jan. 13. The British gunboats Tern and Falcon have been sent to the city for the protection of British nationals, while the two other ships, Aphis and Scarab are at Ichang.

The Reds, numbering about 40,000, are reported to be pushing on towards the border of the province. From their present route it would appear that they intend to attempt to cross the Yangtsze at a place called Hokiang, between Luchow and Chungking. Ho Lung and his band, according to the latest advices, have crossed into south-western Hupeh near the Szechuan border.

Reinforcements have been ordered to Szechuan by the Government but they will hardly be able to reach the province within the next three weeks and the emergency in the Yangtsze River ports may have passed before they arrive.

Both Chungking and Ichang appear to be adequately defended. General Liu Hsiang has his headquarters in the former city. There are about 20,000 Government troops in the neighborhood of Ichang and along the river. Three thousand of these are holding a line from Patung to Shihnan-fu. there are 1,000 actually in Ichang, while 14,000 are holding a line from Itu Kung-an to Shih Chia-wa.

NANCHANG STAFF CORPS ARRIVES AT CHUNGKING

Headed by General Ho Kuo-kwang, 200 members of the General Staff Corps of the Nanchang Headquarters of the President of the Military Affairs Commission arrived at Chungking on board the s.s. "Min Chu" and "Min Kang" Jan. 12. A large gathering of leaders of the local Party, civil and military organs and civic organizations welcomed General Ho and his staff at the wharf, including General Liu Hsiang. Commander-in-Chief of the Szechuan Bandit-suppression Forces, and General Yang Sen, Field-Commander of the 4th Route Army. General Liu has ordered the removal of his Headquarters from Chengtu to Chungking in order o facilitate directions.

After having been hard pursued by the Government forces, the Communists under Chu Te and Mao Tse-tung have been driven to and cornered in northern Kweichow. In view of the heavy concentration of the Government troops in southern Szechuan, the Reds have also been prevented from joining their comrades in the latter province. Serious fighting is now in progress in northern Kweichow with the Reds suffering heavy casualties, according to reports receiveed at Canton Jan. 12.

Three divisions of Kwangsi troops have entered Kweichow and are now marching towards Kweiyang, provincial capital of Kweichow, on way to the front to join in the campaign.

GOVERNMENT TROOPS CROSS WUKING TO PURSUE REDS

The Government troops under General Hsueh Yueh have crossed the Wukiang (River) in Kweichow and are advancing on Tsungyi in pursuit of the Communists. The Reds in the southern bank of the River have been completedly dispersed and suppressed. In order to prevent the Reds in Kweichow from entering Szechuan, the defence of the Szechuan-Kweichow border has been greatly strengthened. Several Divisions of the Central Government Forces are now garrisoning the cities of Hsiushan and Yuyang in extreme southeastern Szechuan near the Hupeh border.

NANKING TROOPS ENTER SZECHUAN AFTER FALL OF KWEICHOW CITY

The city of Tsungyi in northern Kweichow is reported to have been captured by the Communists. Tsungyi is regarded as the gate-way to Szechuan and has been threatened by the Communist for several days. As a result of this reverse in Kweichow, the Government troops numbering about 5 divisions, which have been concentrated on the Szechuan-Hupeh borders, have been ordered to enter Szechuan in order to reinforce the Szechuan forces and to block the entrance of the Communists to that province. The Government troops are entering Szechuan in two separte routes—one via Kweichow to Wanhsien, in eastern Szechuan, and the other to Fowling, south-eastern Szechuan. The units of the 21st Army under General Liu Hsiang are heavily concentrated at the southern bank of the Yangtsze River to strengthen the defence works of southern Szechuan. General Liu has issued a circular order instructing that good discipline be maintained by the various Szechuan troops and rigid training instituted by the militia units on the southern bank of the Yangtsze River so as to prevent the escape northwards of the "Reds" from Kweichow to join those in northern Szechuan.

YUNNAN TROOPS TO FIGHT REDS IN KWEICHOW

It is reported that the Central Government has ordered the Yunnan provincial army to enter Kweichow to fight the communist-bandits. The Yunnan provincial government announces that three divisions have been ordered to the front. following a special meeting called at the provincial capital on January 10. General Sun Tu has been appointed commander-in-chief of the Yunnan anti-Red Army. All the border districts and villages have been instructed to build defense works and to co-operate to check the communist advance into the province. The Yunnan-authorities wired the Kweichow officials asking that military and food supplies be held ready which will be paid for by the Yunnan army after their entry into Kweichow. A request is also made that Yunnan money be accepted in Kweichow province during the anti-Red drive.

KWANGTUNG AND KWANGSI DISPATCH JOINT FORCE TO KWEICHOW

Despatch of the combined Kwangtung-Kwangsi Pursuit Forces to Kweichow to assist the Central Government and Kweichow units in suppressing the "Reds" under Chu Te and Mao Tse-tung in northern Kweichow was decided upon at a meeting of the South-western Political Affairs Committee Jan. 9. It was also decided that Generals Li Tsung-jen and Pai Chung-hsi be appointed Commander-in-Chief and Vice-Commander-in-Chief of the Pursuia Forces. A circular telegram announcing the mobilization of Kwantung troops for Kweichow to assist in the operations against the "Reds" in northern Kweichow, was issued by General Chen Chi-tang, Commander of the Kwantung Provincial Forces, Jan. 12. The Kwangtung units will be led by Lieut.-

71-285

General Chang Ta, Vice-Commander of the 2nd Kwangtung Army, and are now marching westwards to Kwangsi to join the Kwangsi Pursuit Force een route to Kweichow.

The "Reds" in Kweichow, fleeing north-westwards to southern Szechuan from northern Kweichow, have been checked by the units the 25th. Army at various strategic points. To prevent the entry of the "Reds" into southern Szechuan, two trench-mortar brigades of Szechuan troops have been despatched southwards to the Szechuan-Kweichow border by General Liu Hsiang.

GOVERNMENT TROOPS GOING AFTER REDS IN HUNAN

Driving westward in hot pursuit of Communist remnants, the Government units under Commander Chen Tao-lo have recaptured Huangshih, Anchiaoho, Taiping, and Chiao, some distance from Tayung, in northern Hunan. With a view to establishing contact with other routes of Communist suppression forces at Tayung, the troops under Commander Chang Wan-hsin are reported to be fast descending from Tsuli, about 100 li north-east of Tayung. While passing through Anfupu, they met some Reds and started serious fighting, inflicting heavy casualties on the outlaws. Remaining portion of the bandits, about 800 in number, are now retreating towards Tayung.

The various divisions and brigades of the Government Pursuit Forces are all heading for Tayung, north-western Hunan, preparatory to launching a joint assault on the remnant "Reds" under Hsiao Ko and Ho Lung. General Ho Chien, Commander-in-Chief of the Government Pursuit Forces, left for Changteh, northern Hunan, Jan. 14, to personally supervise the operations against the marauders.

The city of Wengan has been recaptured by the combined Central Government troops and Kweichow units. More than 1,000 "Reds" were killed at the battle of Wengan alone. The Government and Kweichow troops are continuing their push north-eastwards toward Yuking and Shihtsien with a view to rounding up the remnant "Reds" there.

A circular order strictly prohibiting the bandit-suppression forces in Hupeh, Honan and other provinces from molesting the people has been issued by General Chiang Kai-shek, President of the Military Affairs Commission. The order states that the duty of the soldier is to defend the country and protect the people. In the operations against the bandits, abstention from harassing the people is most important.

KIANGSI TO SPEND MILLIONS ON RECONSTRUCTION THIS YEAR

Estimates for reconstruction work in Kiangsi for the present year have been decided upon by the Provincial authorities. Expenses for the construction and repair of highways are fixed at $5 millions, $1 million more than last year. The appropriation for water conservancy is set at $1 million, which is an increase of $800,000 over the previous year.

Plans for the construction of the projected water and electric works in Nanchang provide that the capital for the plants be fixed at $3,200,000; the water works to be completed in one year and the electric works in two.

FUKIEN TO BUILD THREE TRUNK INTER-PROVINCIAL HIGHWAYS

Acting under the orders from General Chiang Kai-shek, President of the Military Affairs Commission, the Fukien Provincial Government has started measures for the construction of three trunk inter-provincial highways which will link up the interior districts of the four provinces of Fukien, Kwangtung, Kinagsi and Chekiang. The first road will run from Kien-ning through Ninghua and Changting to Juikin, eastern Kiangsi. The second will start from Shahsien through Yungan and Liencheng to Changting, western Fukien. The third will also start from Shahsien and will pass through Tsingliu, and Ninghua to Shihcheng eastern Kiangsi. The Provincial Department of Reconstruction has dispatched surveying parties to survey the routes of the three roads but actual construction work will be done by the soldiers stationed in the various localities through which the roads will traverse.

Measures concerning peace preservation, bandit-suppreession, people's self-defence and reconstruction were discussd at the Fukien Provincial Pacification Conference which was opened at Changchow Jan. 10 by General Chiang Ting-wen, Director of the Changchow (Fukien) Pacification Headquarters.

Owing to the increase of expenses for pacification purpose and of the Party and administrative expenses of the various recovered districts from the Communists in western Fukien, the budget of the Fukien Provincial Government for the current fiscal year is now short by a sum of $2,000,000. In order to make up the deficit, the Provincial Department of Finance is devising measures to raise funds from various sources.

Highway construction is making great strides in southern Anhwei under the direction of Liu I-yen, the Provincial Commissioner of Reconstruction. Almost all the districts, particularly Tsingteh, Nanling, Kianghsien, Fanchang, Tungling, Wuhu and Tunki, are connected by highways built by the Provincial Department of Reconstruction. Omnibuses are running on 3,102 kilometers of highways. 613 kilometers have recently been completed while another 543 kilometers are nearing completion. 1,404 kilometers of new roads have been planned for the first half of this year.

MANY FORMOSANS RESIDING IN AMOY

According to statistics released by the Amoy Bureau of Public Safety, the total population in Amoy is 181,802, including 10,364 foreigners and 9,046 Formosans.

NANKING AND CANTON CONTINUE DISCUSSIONS ON CO-OPERATION PROBLEM

An important statement clarifying his attitude towards Hu Han-min, former President of the Legislative Yuan now in retirement at Hongkong, was made on Jan. 11 by Wang Ching-wei, President of the Executive Yuan, at Shanghai. While expressing his earnest wish that Mr. Hu could come north and join the Government, President Wang said that his attitude towards Mr. Hu has remain unchanged throughout the past three years. In brief, he said, he could define his attitude as containing the following three points: First, both the Central Authorities and he himself fervently wish that Mr. Hu could come north and share the responsibilities of the Government. Secondly, whatever suggestions or views Mr. Hu has to make or express in his present retirement at Hongkong, the Central Government will be most willing to consider and accept. If Mr. Hu has any misunderstandings, the Central Government will also make efforts to explain. However if Mr. Hu's statements depart too much from facts of the situation or his criticisms become too impassioned, the Government will ignore them. Thirdly, it is reported that Mr. Hu is contemplating to go abroad. If such should be Mr. Hu's intention, the Central Government will certainly give him every possible assistance, but whether Mr. Hu really desires to go abroad or not, it must be an act of the free will of Mr. Hu himself.

Continuing, President Wang said that if Mr. Hu really decides to come north, he would be most willing to vacate his present posts in favor of him or remain to assist him, if Mr. Hu so desires. But whether Mr. Hu has definitely made up his mind to come north or not President Wang averred, is still a matter of uncertainty.

Two of three conditions for an agreement between Nanking and Canton suggested by Hu Han-min have been acceded to by the Central Government, while steps are being taken to carry out the third, declared Sun Fo. President of the Legislative Yuan, in a press interview at Shanghai.

The three conditions announced by Mr. Hu call for the sanctions by the Central Government of the freedom of the press and speech, safeguarding the lives of the people and the mapping-out of a definite plan for the Communist-suppression.

Definite and concrete measures to bring about closer co-operation between the Central Government and the Southwest are expected to be finally decided upon during the present visit of Dr. Wang Chung-hui who arrived at Nanking Jan. 14 from Shanghai in the company of Sun Fo, President of the Legislative Yuan. It is understood that the three conditions for co-operation made by Mr. Hu have all been

accepted by the Government. The only question that remains to be settled is the working out of practical measures for carrying them out.

CUSTOMS LAUNCH SUNK BY JAPANESE STEAMER NEAR WUHU

Reports having been received concerning the sinking of a Customs launch by the Japanese steamer "Loyang Maru," near the port of Wuhu, eastern Anhwei, the Ministry of Foreign Affairs has instructed the Anhwei Provincial Government and Dr. Clarence Kuangson Young, Special Commissioner of Foreign Affairs, to investigate. It is reported that the Japanese steamer fired on and sunk the Customs launch while evading search by Customs officers.

DEMILITARISED ZONE QUESTIONS DISCUSSED

Ying Tung, Managing Director of the Peiping-Liaoning Railway Administration, called on Col. Giga of the Japanese Kwangtung Army Jan. 9 and made further discussions with him relating to the demilitarized zone problem. Col. Shibayama and Lte-Col. Takahashi, the new Japanese Military Attache, were both present at the discussion which lasted till noon. In the afternoon, Lte-Col. Takahashi paid his first official call on General Huang Fu, Chairman of the Peiping Political Readjustment Council. Col. Takahashi was accompanied by Col. Shibayama, his predecessor, who paid his final call on General Huang Fu before his departure for home.

Japanese residents at Tsingtao have just organized an economic mission to make an investigation of the industrial and commercial conditions at various places along the Lung-Hai Railway. The mission will visit the important stations along the line and also inspect Lienyungkang, the newly completed harbor at Haichow. From Haichow, some members will proceed to Sian and other places in Shensi.

The Japanese Consul-General at Nanking Y. Suma, arrived at Peiping from Mukden Jan. 11. Interviewed, Mr. Suma said that he went back to Japan last year on leave, but with no diplomatic mission. Mr. Suma denied the report that the Japanese minister, A. Ariyoshi, is returning to Japan soon.

PEIPING POLITICAL AND MILITARY COUNCILS TO REMAIN

Report to the effect that the Peiping Political Council and the Peiping Branch Military Affairs Commission would soon be abolished were categorically denied by a spokesman of the Peiping Political Council who returned to Peiping from Nanking Jan. 14. The spokesman declared that the Central Government has no intention to make any change in the administration in North China, and that the appointment of General Huang Fu as Minister of Interior will not affect the situation in the North.

MONGOLIAN POLITICAL AFFAIRS COUNCIL TO HAVE BRANCH IN KWEIHUA

The Inner Mongolian Political Council has decided to establish a branch office at Kweihua, capital of Suiyuan, to take care of affairs relating to the Council. The decision is has been made in view of the fact that Suiyuan, being situated between Shansi and Chahar, is the meeting centre where important affairs could be conveniently handled.

According to a telegram received at Peiping from Taiyuan, General Ho Ying-chin, Minister of War and concurrently Chairman of the Peiping Branch of the Military Affairs Commission, who is now at the Shansi Provincial Capital to attend the funeral service of the late father of General Yen Hsi-shan, will return to Peiping on the 16th inst. General, Sung Chi-yuan, Chairman of the Chahar Provincial Government, is now at Peiping, awaiting the return of General Ho report on the situation in Chahar.

BANDITS FROM JEHOL MENACE CHIHSIEN

A bandit force of more than 500 strong well uniformed and equipped suddenly penetrated into Chihsien in the Luantung Area from outside the Great Wall Jan. 8. They have started an attack or the city and Wang Hsin-kung, Magistrate of Chihsien, has telegraphed to the Hopei Provincial Government and the Military Authorities at Peiping, reporting that the city is in a precarious position and urging the dispatch of troops there to suppress the marauders. In view of their coming from outside the Great Wall, it is believed that the bandits might have been inspired by agents of certain alien country to again create disturbances in the Demilitarized Zone.

The bringands under Liu Kwei-tang have been split up into two groups, one of which has fled to eastern Chahar and joined the "Manchukuo," while the other has penetrated into the various districts west of Peiping. The latter group is still causing trouble to the Peace Preservation Corps of the various localities which are taking concerted measures to surround up and suppress them.

10 TSING HUA STUDENTS ARRESTED AS RADICALS

Making a surprise raid on Tsing Hua University Jan. 8, a force of police arrested 10 students on charges of participating in Communistic activities and brought them to Peiping for trial.

The Peiping Authorities have decided to repair the old observatory there, which due to many years of non-use and neglect has been out of order. It is learned that the repairs will entail a total expense of $130,000 and the work is scheduled to start early in March.

PEIPING DONATED PLANES NAMED AT CEREMONY

The naming-ceremony for the five airplanes donated by the People of Peiping, was held at the Nanyuan Aerodrome Jan. 8. Mayor Yuan Liang, who presided, laid special emphasis on the significance of the occasion and the importance of developing aviation for the salvation of the country. The five airplanes took off Jan. 11 for Nanchang, Provincial capital of Kiangsi, where they will be commissioned in the National Air Force.

The funeral of the deceased father of General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, was held at Hopien, near Taiyuan, provincial capital of Shansi, on the 14th inst. The ceremony was attended by representatives of the National Government General Chiang Kai-shek and the various leaders in North China.

LARGE COTTON MILL IN TIENTSIN INSOLVENT

As the result of business failure involving a loss of over five million dollars, the Yuyuan Cotton Mill, leading cotton firm in Tientsin announced on Jan. 13 suspension of work pending liquidation of its outstanding obligations.

According to statistics released by the Kiao-Tsi Railway, the total operating revenue of the line for 1934 amounted to $16,093,807, showing an increase of $1,036,839 over that of 1933. Deducting from this amount, its total operating expenditure of approximately $12,000,000, the net profit for 1934 was about $4,000,000.

ADVISOR TO GENERAL HUANG'S MISSION DIED AT LHASSA

Liu Pu-shen, chief advisor to General Huang Mu-sung, Special Commissioner to Tibet, had died at Lhassa. Whle riding on the outskirts of Lhassa on the 6th, Mr. Liu accidentally fell from his horse. Complications developed, and he died of concussion at 5 a.m. on the 7th.

TIBET EMPLOYING NO BRITISH MILITARY INSTRUCTOR

The Tibetan Government at Lhassa has no British national in its employ as military instructor at present to take charge of affairs in the Tibetan Army, according to Chwang Tseh Chuen Lin Hutukatu, one of the four most influent leaders of Tibet, and a brother of the Panchen Lama in a press interview at Nanking Jan. 8. His Holiness who arrived at Nanking from Tibet by way of India stated that there were only few British nationals residing in Tibet, a majority of whom going there as travelers. His Holiness branded as untrue the current reports that the present Tibet ruler is pro-British saying that the present ruler is a cousin of the late Dalai Lama and that the latter will continue the policy of the administrattion in Lhassa as laid down by the late Dalai Lama.

C. P. C. APPROVES CREATION OF HSIKANG GOVERNMENT

The Central Political Council at its meeting Jan. 9 approved the regulations governing the creation of a Provincial Government for Hsikang. Hsikang is located between western Szechuan and Tibet and was formerly known as Chuan-Bien (Border Area of Szechuen).

AIR SERVICE BETWEEN SZECHUAN AND TIBET PLANNED

The China Aviation Corporation is planning for the opening of an air route between Chengtu and Lhassa, capital of Tibet. Expert engineers will shortly be sent to make a survey of the projected route. Three planes purchased from the United States are expected to arrive at Shanghai March next for use on the new route.

SINKIANG COMMANDER INSPECTS TURFAN

In a telegram to the Central authorities, General Sheng Shih-tsai, Defence Commissioner for the Sinkiang Border, reports that he has completed a trip of inspection to Turfan, central Sinkiang. He states that peace reigns over southern Sinkiang, and the reports current concerning the return to Sinkiang of Lieut.-General Ma Chung-ying, the insurgent leader, from Soviet territory are absolutely without foundation.

As the highway between Sian and Lanchow, respectively provincial capitals of Shensi and Kansu, has been partically completed, the North-Western branch of the National Economic Council and the Shensi Provincial Telegraph Bureau are now arranging for the installation of a long-distance telephone line along the route. Buildings at various stations on the road are being put up. To unify transportation, motor-service companies who desire to utilise the the highway must register with the branch office of the N. E. C.

CANTON MAPS OUT PROGRAM FOR 1935

A set of measures outlining the administrative policies of the Southwest for the current year has been approved by the Southwestern Political Affairs Committee. The measures provide for:

1. Acceleration of local autonomy, institution of the impeachment system by the people and preparations for the election of magistrates and mayors by the people.
2. Compilation of vital statistics after the taking of a census.
3. Establishment of a farmers' bank and assistance to farmers in productive enterprises.
4. Compulsory afforestation in order to prevent floods.
5. Development of government-operated mines and expansion of factories for the benefit of workers.
6. Completion of provincial and district highways.
7. Development of civil aviation.

KWANGTUNG MILITARY MISSION LEAVES FOR EUROPE

The Kwangtung Military Mission consisting of 15 officers including Lieut.-General Tu I-chien, Vice-Chief-of-Staff to the Kwangtung Provincial Forces, Lieut.-General Lin Shih-ching, Commander of the Canton Gendarmes, Lieut.-General Chang Mei-hsin, former Commander of the 4th Kwangtung Division, and Lieut.-General Huang Chi-wen, Commander of the 8th Kwangtung Division, left Canton Jan. 13 for Europe to study military developments abroad.

KWANGTUNG FACES HUGE DEFICIT

The Kwangtung Provincial Government will face a deficit of $13,000,000 for the current fiscal year (July 1, 1934-June 30, 1935). While measures are being devised to make up for the deficit, it is understood that all ordinary and extraordinary expenses of the various Provincial organs will be disbursed in accordance with the amounts approved in the budget of the 22nd fiscal year (July 1, 1933-June 30, 1934).

General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, has received a telegram from the Central Government at Nanking, approving his petition for a monthly subsidy of $550,000 towards the military expenses of the province. The telegram, however, instructs that detailed accounts of the expenditure of the sum should be regularly submitted to the Government for record and filing.

In view of the extreme financial strigency, General Chen Chi-tang, has ordered further reductions in the military expenses of the province. The mobilization expensese of a Division have been reduced to $50,000, while the running expenses of a Division monthly from $250,000 to $2,000,000.

SHARP DECREASE OF CUSTOMS RECEIPTS IN KWANGTUNG

A sharp decrease of more than $5,000,000 has occurred in the receipts of the various Customs in Kwangtung province for the year of 1934. The receipts of the Canton Customs were only $8,000,000, representing a decrease of $3,000,000 as compared with the year of 1933, the receipts of the Customs, $7,050,000, a decrease of $800,000 and those of the Tsaochow Customs, $5,080,000, a decrease of $2,010,000.

A wide-spread business depression is now prevailing in Canton which has become intensified in view of the fast approach of the Spring settlement. More than 1,200 shops there have applied to the municipal authorities for cancellation of their business licences and are ready to close down their business.

The laying of rails on the central section of the Canton-Hankow Railway between Shiuchow, northern Kwangtung, and Chuchow, eastern Hunan, is expected to be completed in a fortnight. To inspect the work, Lin Hung-hsun, Managing-Director in charge of the section, has arrived at Pingshek, northern Kwangtung, from Hengyang, south-eastern Hunan.

GEN. CHIANG KAI-SHEK ARRIVES AT SHANGHAI FROM FENGHUA BY AIR

General Chiang Kai-shek, chairman of the Military Affairs Commission, arrived at Shanghai from Fenghua by his private airplane at 1.25 p.m. Jan. 15, landing at the Lunghwa Airdrome. He was accompanied by Madame Chiang. After motoring to his residence at Route Garnier, General Chiang immediately went into conference with Dr. H. H. Kung, vice-president of the Executive Yuan and Finance Minister. It is understood that General Chiang will leave for Nanking and Nanchang soon. He is schduled to receive the group of foreign journalists, invited to tour the recovered "bandit zone," at his field quarters in the Kiangsi provincial capital.

General Chiiang Kai-shek was appointed President of the Military Staff College by the Executive Yuan at its meeting Jan. 8.

General Hsiung Shin-hui, Chairman of the Kiangsi Provincial Government, who arrived at Nanking from Nanchang Jan. 13, called on Wang Ching-wei, President of the Executive Yuan, the following morning to report on the present conditions in Kiangsi province. General Hsiung will remain in Nanking for sometime waiting for the return of General Chiang Kai-shek for an conference regarding military situation in Kiangsi.

The new members the Legislative Yuan were sworn in office at a brief ceremony held at the National Government Building House in the morning of Jan. 14. Ma Chao-chun, the newly appointed state councillor, was also inducted into office at the same ceremony.

Madame Wang Ching-wei, wife of the President of the Executive Yuan, who was recently appointed a member of the Legislative Yuan, has tendered her resignation from the new post.

By an order of the Ministry of Foreign Affairs, Jen Chan-hsin, head of the Third Section of the Department of Asiatic Affairs, is promoted Deputy Director of the European and American Affairs Department with concurrent charge of the First Section of the Department.

NO SHANGHAI SUGAR MONOPOLY

The report circulated in Shanghai that the Executive Yuan has decreed a sugar monopoly is incorrect, according to a *Reuter* report from Nanking Jan. 12. It is stated that the Chinese Government is not contemplating a sugar monopoly, but it is pointed out that "certain regulations were passed recently concerning the transportation and sale of sugar, which will be promulgated shortly."

PING-HAN RAILWAY MAKES NET PROFIT OF $8,308,000

The net profits of the Peiping-Hankow Railway for the past year (1934) totalled $8,308,000. The total volume of business aggregated $31,950,000. Cash receipts, however, amounted to $25,186,000 and expenditures $16,878,000, thus yielding a cash surplus of $8,308,000.

Business on the Taokow-Chinghua Railway, northern Honan, is improving. The net profit of the line for the past month (December) exceeded $210,000, which is a record for the railway.

Train service on the Hwoshan-Hofei section of the Huainan Railway, in central Anhwei, has been in operation since the first of the year. The line, which is to be used mainly for transporting coal, covers a distance of 87 kilometers.

Japanese Army Completes 48th Drive But Manchurian "Bandits" Continue

(By the Review's Harbin Correspondent)

THE Imperial Japanese Kwantung army, now reputedly having a combined strength of between 80,000 and 100,000 men, has just completed its forty-eighth "anti-bandit" campaign in China's former northeastern provinces. As this latest drive was staged in the latter part of the old year it enables us to make a brief summary of results.

Those who have followed the progress of the Japanese policy of military pacification of Manchuria must be aware of the fact that same has not been entirely satisfactory from the standpoint of results obtained. It would seem to be reasonably clear that if the Imperial Kwantung army has not been able, after three years of strenuous effort, to put down revolts against their regime in Manchuria, they would stand little chance in the much more ambitious scheme of conquering and pacifyiug Siberia and the Soviet Far East, territory held by a foe immeasurably stronger and better organized than has been the case with the Chinese "bandits." Although it does not directly concern the subject discussed in the present article, it is of interest to know that reports from Soviet military circles in Siberia percolate through to Harbin to the general effect that Japan's poor showing in Manchuria has greatly heartened the Russians in their work of defending their border. In other words the bogey of the omnipotence of the Japanese military machine has largely been destroyed in the minds of those who have been watching and appraising the results of Japan's activities in Manchuria since the fall of 1931.

Although disorganized, ill-fed and clothed and poorly equipped, the Chinese rebels in Manchuria, in a sense, have given almost as good an account of themselves in their resistance to Japanese conquest as was the case with the South African Boers or the more recent resistance of Abd-El-Krim and the Riffi against French rule in Morocco. Although generally designated as "bandits" and universally discredited in the news reports spread over the world, the Chinese volunteers or "partisans" as they now call themselves, may be correctly designated as heroic representatives of a population unwilling to be conquered and reduced to colonial status. After three years of steady campaigning the Japanese must now, admit, and do admit in their home newspapers, that they have not succeeded in putting down armed Chinese resistance in Manchuria. They must maintain strong garrisons at all strategic points and make frequent expeditions iu pursuit of quickly dispersing guerillas who are still harassing the Japanese and their puppets.

Improving the "Spiritual" Relations

Late dispatches from Changchun, especially since the arrival of the new Japanese commander-in-chief, Gen. Minami, would make us believe that all armed resistance has been put down and that peace and order is now so universal that Japan can with confidence embark on uninterrupted economic development and an improvement of the "spiritual" relations of the Japanese and Manchurian peoples. To support that argument the Changchun dispatches cite statistics with regard to the number of bandits in various parts of Manchuria and compare them with the figures of the last preceding years. Is this contention correct? By no means. Facts show that the armed resistance of a certain portion of the population still continues, though on a scale perceptibly less than was the case two years ago when the revolt against the puppets and their supporters was at its height. That "bandity" is still a factor in the rapidly changing kaleidoscope of events occurring in this part of the world and about the ultimate outcome of which there has been so much written and said, is a most natural conclusion.

There is no denying the fact that fighting against overwhelming odds, no matter what its motives or objects may be, has something heroic about it; that not all men are capable of taking the risk of staking their lives and fortunes on the vagaries of a fight; yea, there are many men who, despite the perils of their lives, rush headlong into the maelstrom of the struggle and perish; only a few of them, the most fortunate, survive and often see the attainment of the objects for which they have been fighting and dying. Seen from this angle, the Manchurian "bandits" are undoubtedly heroes. Should we regard them as mere curminals, as a section of opinion represents them to be? No, because they have proved to be loyal citizens of a country invaded by aliens, who set up, in order to consolidate their conquest, a puppet Government, illegal in every respect; because, being loyal citizens, they are trying to subdue and punish that self-styled Government. The "criminals" are Pu Yi, Cheng Hsiao-hsu, Tsang Hsih-yi, and the horde of puppets that now constitute the so-called Manchukuo regime. If, in the course of attaining their objects, the loyalists display cruelty, about which we hear so much, it is not a crime; it is one of the means of attaining their legitimate end—the chastisement of a self-styled Government (the puppets are not kind-hearted, either). Being a citizen of a country entitles not only rights but also obligations; foremost of these obligations is the protection of the country and its constituted authority from enemies, internal and external. In this respect, the Manchurian "bandits" are doing exactly what other men and women do the world over in similar circumstances. And they are doing it against overwhelmingly perilous odds, and in the absence of any perceptible help from the outside.

It must be admitted that this absence of continued support from the outside,—the continued isolation of "bandits"—is the principal cause of the waning of the anti-Manchukuo movement. While the downtrodden and discontented population provides an unlimited supply of manpower, the main difficulty is the shortage of arms and ammunition. Being men of the former North-Eastern Army, dispersed since the start of hostilities in 1931, the loyalists have long ago been cut off from their supplies and bases, and it is surprising that, at this late hour, they still scrape up something and continue to fight. The folly of building the great Mukden Arsenal within walking distance of the enemy's lair is being only now realized at the cost of losing four provinces and countless lives.

In my last review of hostilities in Manchuria, appearing in these pages on November 10, I had to limit it, owing to the considerations of space, to the outbursts in the Lower Sungari region, the Ussuri region, and along the eastern line of the C.E.R. Now I shall record events which have taken place on other "fronts".

THE CHANGCHUN—HARBIN REGION

Forty-Third Drive

The most spectacular drive of the Japanese troops aimed at putting down the revolt in this district occurred early in September following the famous derailing and looting by "bandits"of the C.E.R. south-bound train on August 30, resulting in many killed and injured. As is known, nine persons were taken hostages, two of them forciguers.

Commenced: August 31, and ended early in September.

Troops: Various units of the Japanese-Manchukuo troops chased the "bandits" westward, to the Sungari River, where they cornered eighty of them, killing them all. All captives were released. The troops were assisted by the landing parties from gunboats the Kokei, the Konei, and the Fumin. Opposed by Kiang Tung, Wu Sheng and Ching Hao, who directed the famous raid. Despite earlier reports, many "bandits" succeeded in escaping and are believed to be in hiding.

Forty-Fourth Drive

The preceding drive was totally ineffective to stamp out the revolt in the Changchun-Harbin area, so another drive on a bigger scale had to be undertaken early in October. It coincided with a general drive carried out by the "government" forces for clearing Kirin and Mukden provinces from the remnants of bandits.

Commenced: About October 1, and ended in the middle of December.

Troops: Various units of the "government" forces were engaged in chasing quickly moving guerillas in the region of the Lafa-Harbin Railway and also in the Laoyelin Mountains. Noted encounters; at Taiyuchan, Tanghaotien, and near Changchun, at the latter place with "a group of Korean and Chinese bandits" (cf. *Kokutsu* dispatch dated November 12). Earlier in the summer, a principal town in the district-Wuchang-was raided by a group of 600 bandits (July 5). Noted leaders: Chao Shang-chih, Te Lin, Hsi Lai-feng (the leader of 500 bandits, "slain in old style Japanese fashion by a Sergeant-Major") and Ssu Feng-hao, executed on November 20 at Changchun.

THE KIRIN-TUMEN REGION

This region, lying along the Kirin-Tumen Railway and extending northward to the C.E.R. has been in constant turmoil the whole summer and autumn. There is practically no way of differentiating when one bandit exterminating expedition started and another one ended, all these overlapping each other. However, it may be noted that the seventh attempt to put down a revolt here and designated in this account as the 38th drive was totally ineffective, so two more major drives had to be undertaken in this region, the ultimate success of which remains to be seen.

Forty-Fifth Drive

Commenced: In the end of July and continued up to the end of September.

Troops: Various units of the "government" troops were extremely busy in chasing the guerillas. Noted encounters: (1) near Tungning on July 24 between 500 bandits and the Miyasaki unit; (2) at Fengshuihotsu, near Kirin, with 300 bandits, on August 18; (3) near Tungua, with 500 bandits, who attacked the S.M.R. 'buses, killing six guards, including a Russian.

Forty-Sixth Drive

This drive was undertaken simultaneously with a big bandit clearing operation in the Lower Sungari, the Ussuri and the C.E.R. regions. It started on October 1 and continued the whole month, ending early in November.

Troops: Various units of the Wakayama division, operating as follows; (1) in Ninguta district—the Tani and Noguchi units *versus* Shuan Shan, Chang Yui-tin, Kwo Shan, Ai Min and other Volunteer leaders; (2) in Tungning district—the Sugiyama detachment *versus* Kung Hsien-yun (leading 1,000 bandits), Wu Yi-chen and Li San-chao. Pao Kou, the leader of 200 volunteers, was reported captured on September 28 near Yenki. Shuan Shan, leading 50 men, was reported to have surrendered near Tungkingchen (on December 15).

According to the announcement of the Japanese gendarmery in Tumen, the number of volunteers' attacks in Chientao was as follows in recent months: 28 in April, 27 in May, 26 in June, 23 in July, 17 in August and 15 in September, aggregating 136 attacks in six months (cf. *Kokutsu* dispatch dated November 7).

THE TUNGPIENTAO REGION

Under this name is known a vast territory lying to the east of the Mukden-Kirin Railway and extending to the Korean border and the Kirin-Tumen line in the north. It is a hilly country, covered with thick forests, and is extremely suited for guerilla operations. It has been in constant turmoil since the very beginning of hostilities in 1931 and has seen many anti-bandit expeditions. It is reasonable to expect that, with next thawing, the "bandits" will reappear and resume their operations.

The Forty-Seventh Drive

Commenced: September 15 and ended November 8 (cf. *Kokutsu* dispatch from Mukden dated November 6).

Troops: The Asano brigade, stationed at Mukden, was extremely busy suppressing bandits "for 90 days", assisted by the Manchukuo troops of the Mukden area. Noted encounters: On August 7 near Chaoyangchen with 150 bandits (a train wrecked and a Russian guard killed); on August 8, 1,000 bandits, commanded by Chin Wen-yuan and Wu Yi-sheng besieged Antung (the Manchukuo troops surrendered); at Shangchenzu, near Nanmen, on September 12, with 500 bandits; on October 12 at the same place with 500 bandits; on December 12, at Chienchiachaio, near Mukden, with 70 bandits led by Lao Chai-tzi.

Commenting on this operation, the *Kokutsu* dispatch from Changchun, dated November 28, stated that "the punitive expedition which conducted a two-month campaign in the bandit-infested Tungpientao region in Fengtien Province from the middle part of September has carried out its work so well that peace and order has been restored there. The number of Red Spear bandits and Korean Communists, who totalled approximately 8,000 before the commencement of the campaign, has been reduced to one half. The remnant bandits are hiding in deep forests, with many of them suffering from the intense cold weather and shortage of food".

Wang Tien-yang, the famous "bandit" leader for the last two years, was killed by a Japanese raiding party near Ergtungkou on November 28.

THE TRIANGULAR ZONE

This region, lying between the Dairen-Mukden and the Mukden Antung lines and the sea-shore in the south has not been in evidence in military dispatches, yet it shelters something like 8,000 "bandits" (cf. *Kokutsu* dispatch of the same date).

Forty-Eighth Drive

It was started simultaneously with the bandit clearing operations in the Tungpientao district and continued up to December.

Troops: The Ninth Cavalry Regiment of the Manchukuo troops engaged various volunteer forces in the district. Noted encounters: On November 24 at Talichiapaotzu with bandits under Yen Shang-tang; on November 27 at Machiapaotzu, opposed by Kang Jin-chun. A noted bandit leader, Lao Yin-tien, was killed in action.

Earlier, on August 7, the train service on the Mukden-Antung line was suspended due to the bandit attacks on Kaolimen and Yangshangchen.

Referring to the situation in the Liao River district, to the west of Mukden, the same dispatch stated that the situation there "is comparatively quiet and there is no need of paying serious attention to that district during the winter. The remnant bandits total about 1,000".

Ching Shan-kou, Chang Wen-lu and Kao Tzu-yang, reputed to be noted volunteer leaders, were captured while hiding in Newchwang and executed.

Other districts, as the Keshan region and along the Ssupingkai-Taonan Railway had their usual share of bandit outbursts. The strangest of them all is perhaps the cornering of a woman bandit leader, Miss Wang Feng-chieh, 26, who at the head of 300 flying bandits worked havoc in the Lungchien area, considerably obstructing the building of the Peiyangchen-Heiho Railway. She was caught, due to treachery, and, after the usual humiliation, executed on September 29, at Priyangchen. Few men die so bravely as she did.

As there is a constant shifting of innumerable small mobile units of volunteers, it is naturally impossible to determine the exact number still operating in Manchuria, despite the official Japanese statements which always give definite numbers. According to one report here from the lower Sungari recently it was claimed that there are approximately 215,000 Chinese "partisans" operating along the lower Sungari and the Amur-Ussuri rivers. The leader most frequently mentioned is a commander named Kung Fan-yung, who, according to the report recently left Manchuria for south China for the purpose of raising funds.

Harbin, December 31, 1934.

Japanese Dance Hall Proprietor Murdered Under Dramatic Circumstances

Masayoshi Akashi, proprietor of a dance hall in North Szechuen Road, Shanghai, was stabbed to death on the night of Jan. 12, by one Kosaburo Takuno, under dramatic circumstances, reminiscent of feudal Japan. An eight-inch Japanese dagger figured prominently in the investigation started by the Japanese Consular Police. It was revealed that the dagger played a prominent part at a turbulent meeting of the Japanese Restaurateurs' Union, which was called for the purpose of hearing Mr. Akashi's apologies for offensive actions he was alleged to have taken against the Union. When the meeting commenced, eye-witnesses stated, Mr. Morita, (who actually is the owner of the dagger) nominated to replace Mr. Akashi as the Union's representative at the Council of the Japanese Residents' Corporation, dramatically exhibited the weapon and asked to be relieved of the honor, threatening otherwise to commit "hara-kiri." In the consequent excitement the dagger was taken off the table and passed around, finally remaining with Mr. Tokuno, the confessed slayer. Sometime later, Mr. Tokuno stood up and asked Mr. Akashi to accompany him outside for a few words. Both went outside, and shortly afterwards Tokuno re-entered the room, and waving, according to the eye-witnesses, the blood-stained blade said: "I settled that." He immediately surrendered himself to the authorities and confessed stabbing Mr. Akashi.

Tokuno has reportedly given the following story of the events which transpired outside of the closed doors of the meeting room. After Tokuno and Akashi left the room they talked peacefully for a few minutes, and then Tokuno, pulling out the dagger, asked Mr. Akashi to cut his finger and leave his imprint in blood on his apology to the Union. Such procedure is common in Japan, and is used when extracting an unbreakable pledge. Akashi, according to the report, laughed. Then Tokuno grappled with him and stabbed him in the back, piercing the heart. Members of the Union say that Mr. Morita asked to be permitted not to occupy the Council post, because he was Akashi's good friend and did not want to take part in any movement directed against his friend.

Julean Arnold, U.S. Commercial Attache, Returns to Shanghai

Julean Arnold, U.S. Commercial Attache, returned to Shanghai. with Mrs. Arnold, Jan. 15, after six months leave spent in the United States. While in America, Mr. and Mrs. Arnold placed their two children in Pomona College, California. Mr. Arnold disclosed that during his visit to Washington he was accorded the privilege of an interview with President Roosevelt. The President intimated that he had a sentimental interest in China inasmuch as a member of the Delano side of his family had been associated with the old American shipping firm in China, Russell & Co. While in New York, Mr. Arnold participated in the program of the 21st Annual Convention of the National Foreign Trade Council. On the Pacific Coast, Mr. Arnold interested the Chambers of Commerce of Seattle, Portland, San Francisco, and Los Angeles in organizing "Asia Hours," during which, as the name signifies, Pacific problems and relationships were to be discussed and a clearing house for contacts would be maintained. In this movement, Mr. Arnold has the support of Daniel C. Roper, Secretary of Commerce, and Dr. Claudius T. Murchison, Director of the Bureau of Foreign and Domestic Commerce.

From Water-Fowl to Woodpecker

(*By the Review's Peiping Correspondent*)

HOWEVER much the Japanese may be lacking in humor, it cannot be said of them that they are in want of figurative sense. And in figures of speech they seem to have a strong partiality for creatures of the feathered kind. Already the world of 1934 had been indebted to the Japanese inventive genius for the term "water-fowl policy" vis-a-vis China. But now messages from Tokyo stated that this will be replaced by a "woodpecker diplomacy" during 1935.

Incidentally it is interesting to note that both of these figures owe their origin to the imagination of diplomatic agents. Japanese diplomats proper nowadays have very little to do in China, their parts being grossly usurped by their military compatriots. In their forced idleness, perhaps, they have got a kick out of observing Sino-Japanese relations almost as spectators and applying to these relations some pet formulas of their own. Thus last year Mr. Ariyoshi suggested a policy characterized by busy paddling underneath, but camouflaged by ease and serenity on the surface of the water, as befitted the habits of a water-fowl. This time, however, it is Mr. Suma who fathered the idea of a new policy toards China. It is reported that during his recent visit to Tokyo the Japanese Consul-General in Nanking told Mr. Hirota that the water-fowl diplomacy had outlived its usefulness and that it should be abandoned in favor of a woodpecker diplomacy.

No Need to Conceal Activities Now

Although no official explanation of the latter policy has yet been given its implication should not be far to seek. It was meant to reverse the waterfowl diplomacy, and this in two ways. In the first place, the activities of the woodpecker, unlike those of the water-fowl, will be visible to all who care to watch. Secondly, the woodpecker will be relentless to the wood it pecks. This is to say, in plain language, that Japan no longer feels any need to conceal from the world her predacious activities in China whom she will spare no means to cow into submission.

With this in mind one can easily prick the bubble of any pretence on Japan's part to a peaceful policy. It was claimed that the following two principles have already been formulated by the Tokyo Foreign Office: (1) Japan will conduct negotiations only with the responsible diplomatic authorities of China; and (2) the former practice of employing "minor" delegates to negotiate with the Chinese authorities will be stopped forthwith, and in future the Japanese Minister to China will represent Japan in all diplomatic negotiations. On the surface of these principles it appeared as though the Japanese Foreign Office may be trying to restore Sino-Japanese relations to a normal basis. This interpretation seemed to be upheld by a recent report accredited to the *Asahi* that Mr. Hirota intends to direct special attention this year to the improvement of relations with China and that he does not necessarily regard the new year as critical for Japan, as many tend to believe. On the other hand, if we interpret the principles in the light of recent events, we will find that not only are they devoid of assurances, but they forebode a new menace.

A New Departure

That Japan is prepared hereafter to negotiate only with the responsible diplomatic authorities of China cannot fail to impress us as being a new departure. The question at once presents itself: Why would Japan discontinue to approach agents as they have been fond of calling under the name "local authorities"?

To this question no better answer can be found than in the statement issued on January 8 by Lieutenant-Colonel Kagesa, Military Attache of the Japanese Legation in Shanghai. Below we quote his words as reported by *Rengo*:

> "The Nanking Government is assigning those who have Japanese friends to the duty of negotiating with Japanese representatives.
>
> "These Chinese officials, who are called pro-Japanese, are under surveillance of persons despatched by the Central Tangpu. Even these Chinese officials have no sincerity in their dealings with Japan, and have no courage to advance reasonable suggestios to the Central Government.
>
> "Consequently they are merely robots manipulated by the Central Tangpu."

Here is a plain intimation that even the so-called pro-Japanese elements in Chinese politics have failed to cater to Tokyo's wishes. So far as we aware, these people have more than done the bidding of the Japanese and if the latter still complain about bulked aspirations, it is because these aspirations, so admirably clothed under the "reasonable suggestions," must be tantamount to asking the complete surrender on China's part. As such these demands can never be satisfied, not even by the pro-Japanese elements so long as they remain citizens of the Chinese Republic.

Fundamentally it is the position taken by Japan that makes understanding between the two countries impossible. As long as she sticks to her guns, there is little hope of any improvement of Sino-Japanese relations, no matter who are the Chinese negotiators. That the pro-Japanese group should be discredited by Tokyo does not in the least surprise us. We have long foreseen such an eventuality, knowing that the Japanese hoped to get them to sign away the sovereignty of the Chinese nation. If, therefore, the scene of parleys is shifted from Peiping to Nanking, the latter would undoubtedly be confronted with the same impossible demands, and the responsible diplomatic authorities, the Waichiaopu, will have a very rough sea before them indeed.

Let us now turn to the second principle of the new Japanese policy, which seeks to reestablish the Japanese Minister to China, instead of the "minor" delegates, as the Japanese representative in all diplomatic negotiations. There is no clear connotation as to who "minor" delegates are; nor is it in our power to furnish one. But those who have followed the Far Eastern situation during the past few years cannot but recall the activities of the Kwantung Army and the Japanese military agents in China. The obvious question is, Will the Army stop meddling with diplomatic matters?

From Dairen the Kwantung Army issued a defiant "No" which was later forcibly echoed by the Japanese Military Attache in Shanghai.

On January 4 a military conference of the Kwantung Army and the China garrisons was called at the Hoshinoya, Hoshigaura, in Dairen. The conference was presided over by Major-General Itagaki, Vice-Chief of Staff of the Kwantung Army, and attended by Major-General Doihara, Resident Army Officer in Mukden, Major-General Sasaki, adviser to the "Manchukuo" Ministry of War and Japanese military representatives stationed at Shanghai, Tsinan, Tientsin, Peiping and Shanhaikwan. The topics considered were connected with current North China questions and views were exchanged on how to dispose of them, with the least delay, in accordance with the original plans of the Kwantung Army. For although the three problems of through traffic, postal service, and customs houses along the Great Wall line have been solved, there are still a number of pending questions China has to settle with Japan. Among these are mentioned the through telegraphic and telephonic communications between North China and the puppet state, the transit of freight trains, the opening of airways, the free passage of arms and ammunitions to points south of the Great Wall, etc. It is again alleged that these form some of the clauses of the Tangku Truce Agreement which were withheld from publication. For their fulfillment much remains to be done, although negotiations with China through the Peiping Political Council and other organs have been going on continuously. Naturally these have to be reviewed from time to time.

Aftermath of Dairen Conference

In the conference detailed arrangements for their settlement have been made, in supplement of the decisions reached at a meeting of Japanese resident officers in China points which was held in Shanghai sometime ago. It is generally believed that the results of the Dairen confab will have a grave bearing on the attitude of the Kwantung Army toward the North China situation. This was confirmed by the remarks of a participant who expressed his appreciation of the sincerity of purpose shown by the North China authorities but refused to view Nanking in the same light. And the hint of another Sino-Japanese conference in Peiping was dropped by Colonel Giga who has just returned here from the Dairen conference.

Hardly had the Dairen conference been dispersed than a high military agent took upon himself the exposition of the Army stand. On January 8, as we have stated above, Lieutenant-Colonel Kagesa, Military Attache of the Japanese Legation in Shanghai, issued a statement on China's attitude towards Japan. In this he was positive that "superficially China abandoned anti-Japanese policy . . . But a study of inner circumstances shows that an anti-Japanese work is proceeding on a gigantic scale."

Thus it will be seen the new year opens with more ill bodings than promise. The recall of the Japanese Minister Mr. Ariyoshi at the end of this month has close connection with the re-formulation of Japan's future policy toward China, which will aim at bringing China to terms. The plan of the Japanese Government is to force the starting of formal negotiations with China next April. Though the Foreign Office will be responsible for general negotiations, its envoy will be assisted by another military appointee who is fully capable of fully understanding and representing the Japanese War Office. Mr. Ariyoshi will continue to work for the Foreign Office and Mr. Yoshizawa, a former Minister to China, is mentioned as the most probable candidate for the second post.

January 13, 1935.

Survey Party to Tour South Sea Islands

In order to ascertain how the overseas Chinese in the South Sea Islands are faring under present economic conditions, the Ministry of Foreign Affairs is despatching a party to make an investigation. Liang Yu-kao will head the mission, which includes Messrs. Chang Chia-chu, Chen Chun-to and Cheng Lun. The party will also inspect the work of the various Chinese Consulates at the places visited.

China---An Economic Review for 1934

BY C. Y. W. MENG (孟 昭 冰)

THE year 1934 was not only another year of nation-wide depression for China, but also worse than previous years. In many imperialistic countries, due to the intensive "war preparations" which do stimulate the development of heavy industries, the situation is somewhat improved, and has given rise to the presumption of industrial revival and prosperity, though such revival is by no means true, and such prosperity is by no means genuine. Yet, in China, there is even no such prospect. Both in the industrial and commercial fields we see unmistakable signs of adversity, with the result that the people are subject to great sufferings and hardship.

Worse Drought and Other Calamities

The year under review witnessed many of the worst natural calamities, such as drought, flood, famine, etc. According to the official report of the National Agricultural Research Bureau, the crop production, including rice, kaoliang, corn, millet, lint cotton, soybeans, averagely speaking, is only aboun 60% or 65%, while the direct losses in values to the crops damaged in some ten provinces alone under investigation are being estimated at no less than $1,445,000,000, excluding other indirect loses. The following table will tell us the disastrous effects of the drought of last summer:

Provinces	*% of Affected Area to the Total Cultivated Area*	*Value of the Crops Damaged*
Kiangsu	54	$218,000,000
Chekiang	53	164,000,000
Anhwei	69	346,000,000
Shantung	38	150,615,695
Honan	37	459,880,000
Hupeh	32	86,770,000
Hunan	53	172,718,000
Kiangsi	48	133,244,000

It will be seen that the worst sufferers of the intense drought of the summer of 1934, the worst in the last 60 years, are the Provinces of Anhwei, Chekiang, Kiangsu and Hunan—all of them are the rice-production provinces. Once these province do not produce sufficient rice, the price of rice at once goes up. At the end of the year 1934, the price of rice was almost double that of previous year. The result was the "robbery" of rice from rice shops by group of hungry people—sometime 2,000 or 3,000 strong—is practically of daily occurrence everywhere.

According to most reliable information, in the year 1934 the Province of Kiangsu was short of rice and foodstuffs by 6,000 piculs; Chekiang by 10,000,000 piculs; Hupeh by 26,000,000 piculs; Kiangsi by 5,000,000 piculs; Kwangtung by 10,000,000 piculs. That China is an agricultural country, yet she could not produce enough foodstuffs for her people, should be a matter of great concern to us!

To this, we must add floods, which affected 280 hsiens, or more than 30,000,000 mow, in 14 provinces, namely, Hupeh, Hunan, Hopei, Honan, Shansi, Szechuen, Anhwei, Suiyuan, Fukien, Charhar, Shantung and Kweichow; and the locusts, which affected 68 hsiens of 8 provinces; and the hail storms, which affected 89 hsiens in 12 provinces.

The "Cathay" Silk

According to the statistics issued by the Bureau of Foreign Trade in Shanghai, the total export of Chinese silk for the three seasons for the year 1934 amounted to less than 5,000 piculs, or only about half of the amount of export of silk in the corresponding periods in the previous year. The price of Chinese silk per picul dropped from $1,600 to $400 (dollars) in 1934! There is no wonder that out of 180 silk filatures in the Provinces of Kiangsu and Chekiang, 110 had to close down; out of 108 silk filatures in Shanghai, 75 had to close down in the spring of the year 1934, and another 19 had to close down in the latter part of the year, leaving only now 14 in existence; and out of 17 filatures in the Province of Kwangtung, 14 had to close down. We do not like to go into detailed discussion of the causes and the effects of the unemployment, but much can be said that silk is the Chinese chief product, for which China has been enjoying a reputation from the very earliest time, but now this Chinese industry is almost killed by the Japanese competition on one hand, and the world-wide depression and the production of artificial silk, on the other.

Under such circumstances, it is only natural that cocoons, which are one of the important Chinese agricultural industries, are is now in an appalling state. The highest price for the best cocoons for 1934 was only one-third of the price for 1930!

The "Cathay" Tea

Tea is another chief Chinese product. In case of silk, if the silk could not be exported, the producers can use them to make Chinese satin and cloth. But in case of tea, once the export is curtailed, the industry has to collapse. This is because the consumption of tea by the Chinese themselves could not be increased in very great degree; and the only way is to find a foreign market. Again, due to the competition from Japan, India, and Ceylon, the Chinese tea is almost out of foreign markets. Russia is one of the big consumers of Chinese tea. Yet from the statistics, we find the export of the Chinese green tea to Russia from January to October, 1934, amounted only 407,937. gold units, while that for the previous year was 1,074,595. gold units, making a decrease of more than half!

Other Industries

Turning to the other Chinese handicraft industries we find that they are equally in an appalling state. Take for example the "nankeen" in Kiangsi. In 1930, the producers in the Province could sell about 3,200,000 picees; but in 1931, only 2,900,000 pieces; in 1932, only 2,000,000. pieces, and in 1933 and 1934, it was still less.

The manufacture of Chinese native rugs in Peiping, which is one of important industries in the North, has also proved a poor business.

Turning to the cotton textile industry, it has been in a bad state. Up to the later part of the year 1934, there were still 89,644 bales of cotton unsold in the godowns. In the first half of the year, 13 cotton mills had to close down, and 3 mills had to suspend night work, while many others had to cut down employees as a means to carry on operation.

Though in the later part of the year, some cotton mills had increased their workers, this was only temporary, rather than a sign of the revival of the industry.

Possibly, one of the Chinese industries which still could make a profit in the year 1934 were the flour mills. There are altogether about 83 flour mills in the country (excluding Manchuria), producing about 82,000,000 bales of flour annually. During the first half of the year, this industry suffered also from depression. In the second half of the year, it was in much better condition. Prices had gone up. But it must be pointed out that this is by no means a healthy sign of industrial development, for the demand for flour was increased for no other reason than that due to the unprecedented drought of the summer, the Chinese farmers had failed to produce ordinary quantities of rice, and the masses had to use more flour in their food.

China's "Invisible Import" & "Invisible Loss"

If we turn to the economic condition of the Chinese overseas in different parts of the world, we find that they are equally in financial distress. The rubber industry is now in a very bad state. One of the results is that there is a great decrease in Overseas remittances of money to China, which constitutes China "invisible import," and which apparently has now turned out to be China's "invisible loss!", as the following figures—the remittance of money by the Chinese overseas in Siam to Swatow—will show:—

Years	*Sums*
1927	$15,500,000
1928	34,600,000
1929	36,600,000
1930	33,200,000
1931	19,700,000
1932	16,800,000
1933	14,900,000

Drain of Silver

During the past, for many other reasons, we have seen the continuous drain of silver from the rural and interior of China and the overwhelming accumulation of silver in the commercial ports, particularly Shanghai,—a situation as undesirable as harmful to the healthy economic and industrial development of the Chinese. The large portion of the silver so accumulated has gone, not for productive undertakings and the development of Chinese domestic industries, but largely goes to the speculative business—buying government bonds, which are entirely non-productive; and partly, putting up one magnificent building after another, such as the "Park Hotel" in Shanghai, which are also entirely non-productive for the standpoint of national economy.

Since the American "nationalization" of silver, there has been a constant drain of silver from Chinese ports to America. Despite the government action in imposing heavy export duty on silver, it gives rise only to wide smuggling of silver out of China. According to the Hongkong *Commercial and Labor Daily News*, dated Novermber 11, 1934, the smuggling of silver to Hongkong alone amounts to $20,000,000! It is not necessary for us to go into discussion other than to point out the fact that the many years of "unfavorable balance of trade" against China has resulted in a drain of silver already serious enough, and China should not allow any more of her silver to go out of her country, which is surely a great harm to the economic warfare of the Chinese masses, and which is sure to produce quite adverse effects upon Chinese financial conditions.

To sum up our economic situation, we can say that China is now facing a "crisis" which for the lack of an appropriate name might well be called "economic suicide" as well as "rural bankruptcy."

Nanking, January 11, 1935.

Tokyo Makes Preparations to Welcome Puppet Emperor

Elaborate preparations are being made in Tokyo for an elaborate welcome to be extended Emperor Kangte of Manchukuo, whose visit to Japan in April was formally announced on Jan. 6. A reception committee, on which the Ministries of the Imperial Household, Foreign, War, Navy and Railways will be represented, will be formed in February, it is announced. According to tentative plans, Emperor Kangte will stay in Japan 10 days. Prince Yasuhito Chichibu, younger brother of Emperor Hirohito, who visited Hsinking last June, will act as guide to the distinguished visitor. Emperor Kangte will pay an official call upon the Japanese Emperor on the day of his arrival in Japan. Dinners will be given by Emperor Hirohito at Court both at the arrival and departure of the Manchurian ruler from Tokyo.

Cotton Cloth Ranked First in Japan's Exports Last Year

Exports of cotton cloth from Japanese ports last year reached 2,567,630,000 yards valued at Yen. 490,622,000, representing an increase of 480,285,000 yards and Yen. 108,354,000 as compared with the previous year, according to the results of an investigation made by the Japanese Cotton Cloth and Yarn Exporters' Union. This places cotton cloth at the head of all Japanese exports for 1934, in value. This record in the face of import quotas was ascribed to the low yen exchange rate, efficient production methods and the acquisition of new markets. These include Haiti, Kenya Colony and Morocco.

Japanese Shipping Enterprise—Tramps Develop Into Liners

One of the most remarkable developments in Japanese shipping circles of late has been the change of tramp operators to liners. For instance, the Yamashita Kisen Kaisha has a regular service between Japan and Australia and between Japan and Persia, while another leading Japanese operator, the Mitsui Shipping Department, has opened up such regular lines as Japan-New York, Japan-San Francisco-Los Angeles, Japan-Philipines, Japan-India and Japan-Bangkok services since the year before last. The Mitsui Company is now planning to inaugurate regular services to Australia, the South Seas and Europe. Such tramp operators as the Kokusai Kisen, the Kawasaki Kisen, the Daino Kaiun, the Toyo Kisen and the Tastuma Kisen are also pushing similar schemes. With the expansion of Japan's export trade, the cargo movement has become extremely brisk in recent years, so much so that shipping companies now find it worth while to start regular services with various ports. Now that they have reinforced their fleet under the Government's subsidized shipbuilding scheme, their running cost is low enough to compete favorably with foreign operators.

According to the *Yomiuri* the Mitsui Shipping Department is likely to become independent in the near future, despite the statement of the management to the contrary. The Mitsui Shipping Company at present owns approximately 200,000 tons, besdes 400,000 chartered, and approximately 40 per cent of its cargoes represents the Mitsui Bussan's own goods. The capital of the new Company is likely to be fixed at Yen 30,000,000, adds the Tokyo journal.

Japan Plans News Radio Broadcast to America

A daily broadcast of Japanese news to listeners in the United States and Europe will be attempted by the Japan Broadcasting Association, commencing on April 1, according to an announcement made in Tokyo Jan. 13. The broadcasts will be in English and will originate at the longwave JOAK station in Tokyo. These broadcasts will be 'picked up by the short wave, 10 kilowatt, station at Koyama and relayed abroad. The rebroadcasting will be directional, with San Francisco and London as the objectives. It is also reported that arrangements have been made with station WLW, Cincinnati, U.S.A., to supply the latter with information on Japanese athletics, which will be broadcast weekly, beginning with next summer, in the "world sports" series in preparation for the next World Olympic Games in Berlin.

Japan's Fears Said Imaginary, Says Retired U.S. Admiral

Japan's demand for fleet parity with other major navies arises from imaginary or falsely stimulated fears of the United States, according to Admiral Hilary P. Jones, an outstanding retired American naval diplomat.

Admiral Jones is a former Commander-in-Chief of the United States fleet and a delegate to two disarmament conferences at Geneva, including the tripartite Naval Disarmament Conference there. His long experience in the navy, including service on the General Board, together with contacts with the diplomats of the leading naval powers at conferences make him familiar with both the strategic and political relations of Japan, the United States and Great Britain.

In an interview, he said in substance, that, his view on the present relations between Japan and the United States is that the Japanese are "entirely unwarranted in imagining that the United States constitutes a threat to them."

A Further Wave of Suicides on Oshima Island

The first eight days of the new year were productive of eight suicides in the Mihara volcano on the island of Oshima, south of Tokyo Bay, which was popularized as a suicide spot two years ago. Three of this year's suicides at the volcano occurred on one day, three men leaping into the smoking vent in less than half an hour. A considerable crowd of sightseers at Mount Mihara's summit witnessed two of these suicides. Shortly after 10 o'clock in the morning a young man pushed his way through the group at the crater's rim and leaped into the depths without hesitating. In a bag which he had left near the volcano's edge were papers which identified him as Yasuichi Shimasaki, 26, of Yokohama. He was employed at the Minoya cake shop there until last May. The reason for his act was not determined.

Hardly had the witnesses to the first suicide recovered from the shock before another young man threw himself into the crater. Papers he left behind showed he was Noboru Fujisawa, an employe of the Heishichi Nakagawa Shoten in Nihombashi, Tokyo. A letter addressed to his father said he had been falsely accused of theft and that he was committing suicide to demonstrate his innocence. At the shop it was said that the young man had been missing since Monday, and that there was no charge of theft against him there.

A third young man shortly afterward shoved his way through the crowd, slipped off his geta and took the leap. Witnesses said he appeared to be about 20 years old. He left nothing from which he could be identified.

Japanese Villagers Hold Ballot to "Elect" Thief

The *Tokyo Asahi* recently related an almost unbelievable tale. The scene is laid in the tiny village of Maki in an out-of-the-way section of Fukushima Prefecture. There had been an epidemic of petty theft. The villagers tolerated it for a long time, unwilling to appeal to the constituted authorities, but determined to decide the question independently. Finally the total value of stolen articles became so large that a village council was called. So far, so good, but when the villagers assembled they found they had no real means of determining the identity of the thief.

Here is how the story continues: One of the leading villagers, Kinichi Oyama, suggested that a vote be taken to "elect" the person due for punishment. Someone had been stealing things, Mr. Oyama declared in impassioned terms, and so someone must be penalized. The villagers, believe it or not, adopted the suggestion, and took the ballot. But, lo and behold, Mr. Oyama was "elected" by an overwhelming majority!

The news of these strange proceedings reached the prefectural police, when apparently were annoyed no little. They launched immediate investigations, saying they regarded the affair as "an outrage on humanity and a glaring instance of infringement of petsonal rights."

The prefectural police found that the head man of the village, before authorizing the mass meeting, called on Sakae Nemoto, a policeman, and asked him if it was all right to arrange some means by which Mr. Oyama might be accused. The policeman is said to have given his consent, whereupon the head man adroitly persuaded Mr. Oyama to make the strange motion at the meeting. Mr. Oyama denies his guilt in the most strenuous manner, and is demanding that his fellow villagers prove his guilt or face wholesale suits for libel.

The village of Maki has never before known disturbances, the *Asahi* said. But now, it has been changed from a tranquil little town into a "seething cauldron" of factional disputes and personal hatreds. And now here is the end of the story. The authorities have been unable to locate any policeman in Maki by the name of Sakae Nemoto.

Dysentery Epidemic Spreads Because of Wrong Diagnosis

Kanagawa prefecture is in the throes of a dysentery epidemic. Fifty children died at Kawasaki during the week from Jan. 3 to Jan. 10. It is estimated that more than 2,000 are suffering in the epidemic. Fear is felt that the disease will spread to the adjoining ward of Tsurumi in Yokohama and into Kamata Ward of Tokyo, because, while 632 cases have been properly reported to health authorities and have been isolated, it is believed there are at least 1,500 unreported cases, any one of them liable to spread the infection. The rapid progress of the epidemic is attributed to an error in diagnosis by doctors, who judged that some of their earlier patients were suffering from a minor ailment and failed to report in time for Kawasaki health authorities to begin isolating the patients and disinfecting their homes. More

than half the patients were treated as sufferers from colds or influenza when the epidemic first broke out, which permitted dysentery to advance rapidly, it is charged.

Okada Cabinet Ignores Seiyukai Demands for More Relief

Korekiyo Takahashi, Finance Minister, at a meeting of the Cabinet in Tokyo Jan. 10, indicated in a statement that the Government would ignore the repeated demands of the Seiyukai, majority party in the Lower House of the Diet, for increased relief appropriations. Mr. Takahashi said the Government will not add to the present draft Budget figures, which will be presented to the sixty-seventh ordinary session of the Diet when it reconvenes on Jan. 22.

Japanese Birth Control Advocate Imprisoned

Dr. Kan Majima, outstanding advocate of birth control in Japan, was sentenced to eight months in prison January 10 after being convicted of performing an illegal operation. Evidence revealed that the operation was performed on the grounds of poverty without the consent of the patient, though it had been advocated in her family circles.

Japan Raises Official Gold Purchasing Price

The official purchasing price of gold in Japan was raised Jan. 11 from Yen 2.95 to Yen 3.09. A spokesman for the Finance Ministry stated that the step was necessitated by the "bullish bullion market in London."

Church of England Prayer Book Clause Displeases Japan

Because the translation of "God save the King" into Japanese in the prayer book of the Japan Episcopal Church is believed to be disrespectful to the Emperor, the objectionable passage will be deleted by the Publications Section of the Home Office. The *Yomiuri* a leading daily, states the prayer book has been in circulation in Japan since 1895, when it passed the Home Office censors without amendments, a church official declared.

U. S. Will Not Oppose Japan's Retention of Mandated Isles

Official sources at Washington (according to the *United Press*) have indicated that the United States will refrain from any action in the immediate future likely to interfere with Japan's continued occupation of its mandated islands, as such a move apparently would provoke a Pacific crisis in view of Japan's assertions that it would fight to retain the islands.

Japan's Population Increases, but More Deaths Recorded

Japan's total population increased by 137,553 persons during the last six months of 1934, according to figures released Jan. 15 by the Cabinet Bureau of Statistics. There were 423,494 births and 285,941 deaths, an increase of 821 births and 7,933 deaths in comparison with the correspondeing period for 1933. In the first semester of 1934, the natural increase in population was 461,980. These figures represent a decrease of 86,944 in the natural rate of increase during 1934 as compared to 1933.

Japan Refuses To Extradite Fishermen

Japan has refused the extradition of 22 fishermen to the Philippine Islands who are accused of having attacked three Filipeno constables last September, according to an announcement made in Manila Jan. 14 by Governor Frank Murphy.

Raw Silk Government Stabilization Moved Is Opposed

Opposition to the proposal to have the Japanese Government stabilize the raw silk industry was expressed by the Yokohama City Assembly Jan. 15. The assembly, in a meeting at the prefectural headquarters, adopted a resolution declaring that it would be impossible to impose a safe system of domestic control over an internationally-used product. Silk, as a commodity in almost universal use throughout the world, must follow world markets, assembly members declared. The group went on record as against any attempt to effect governmental control of the industry, declaring that it feared such control, if inaugurated, would adversely affect the prosperity of the city of Yokohama, port of exodus for a large part of the Japanese silk output.

Japan's Rayon Output Rapidly Approaches that of the United States

Japan's rayon output is rapidly approaching that of the United States, according to official figures released in Tokyo, Jan. 15. Production for Japan during the year 1934 totalled 150,000,000 lb., compared to 180,000,000 lb. for the United States during the same period.

Old Established Philippines Firm Opens Offices Here

Elizalde & Co., formerly Ynchausti & Co., a firm established in the Philippine Islands since 1854, have opened offices in Shanghai. This firm controls several of the most important industries of the country. They own and control the biggest sugar plantations in the Philippines, and the output of one of their mills alone is well over 100,000 tons of sugar per crop year.

They own and operate the Elizalde (formerly Ynchausti) Rope Factory, and the quality of their rope has made their name known all over the world. They have for years been the suppliers of rope requirements of the American Fleet in the East as well as at home.

Japanese Military Attache at Peiping Protests Against Refusal to Handle Mail

Lieut. Col. Tan Takahashi, who recently replaced Lieut.-Col. Shinabama as assistant military attache to the Japanese Legation in Peiping in Jan. 12, called the attention of the Chinese postal authorities to their refusal to accept mail to Manchukuo addressed to places that have been renamed by the new government. This attitude of the postal authorities, Lieut.-Col. Takahashi charged, is a violation of the agreement reached between the Japanese Kwantung Army and the Chinese Directorate General of Posts for the resumption of mail contacts between China and Manchuria through the intermediary of third party offices established at Shanhaikwan and Kupeikow.

The Peiping Chinese Postal authorities, Lieut.-Col. Takahashi said, promised to "settle the matter as soon as possible." Post-offices in Peiping resumed the sending of mail to Manchukuo on Jan. 10, but have refused to accept or detained matter sent to Manchukuo addresses such as "Hsinking," which is the name which the Japanese have given to Changchun.

Kwantung Army Official on Reported Mail Delay

A high officer of the Kwantung Army in Changchun declared in an interview Jan. 13 that the resumption of postal relations between China and Manchukuo, contributed to the maintenance of peace in the Far East, but if China hindered the restoration of postal service, she is guilty of violating the spirit of the postal agreement and of endangering the welfare of Chinese and Manchukuoan peoples. The officer said he refused to doubt the sincerety of the Nanking Government, and stated that he would not credit the hindrance reports until an investigation had been made.

Pu Yi Reported Seriously Ill at Changchun

A *Chekiai* telegram Jan. 12 quoted foreign sources to the effect that Pu Yi, the puppet head of "Manchukuo," is now seriously ill at Changchun. While the cause of his sudden illness is unknown, it is said that his condition is so grave that it is uncertain whether he can survive.

Harbin Report About Tunnel Ridiculed by "Izvestia"

Commenting on *Reuter's* report from Harbin, alleging that a secret subterranean tunnel connecting Manchukuo with the USSR has been discovered near the lake Hanka, and that the "bandits" used to escape through it to the USSR, when pursued by the Japanese troops, Moscow *Izvestia* Jan. 10 stated that this report constituted a fresh fabrication by certain Harbin sources, which deserves attention rather for its stupidity, than for its maliciousness.

Chinese Coolies Migrate to and from Manchukuo in Large Numbers

During December last a total of 23,623 coolies from Shantung, including 2,290 women, arrived in Dairen by steamer enroute to Manchuria, while a total of 35,302 persons, including 3,218 women, sailed back to China. Most of the workers, according to the report, were engaged in railway construction and farming.

Nine Killed and Eight Wounded in Manchukuo "Bandit" Encounter

Five Japanese and four Manchukuo soldiers were killed, and five Japanese and three Manchukuo soldiers were wounded in a four-hour combat with "bandits" Jan. 8 at Erhmikou, a hamlet 20 kilometers west of Tunghua. The attackers under the leadership of Yang Su-lei, left 50 dead and 80 wounded on the field, according to *Rengo*. The joint Japanese-Manchukuo forces were on their way west from Tunghua on an anti-bandit campaign when they met the band at Erhmikou and immediately engaged in a heated combat.

Koreans Wreck Police Station in Peiping

Indignant at an allegation made by the Chinese that their compatriot, Chang Tso-hsin, who was murdered with his wife in their home in the East City in Peiping was a drug peddler, more than 50 Korean residents of the former capital marched to the police station of the Inner Third District on the night of Jan. 7 and completely wrecked it. Two policemen were at the station at the time of the raid. One managed to escape but the other was so roughly handled that he had to be taken to a near-by hospital at once.

After leaving the station the demonstrators visited the home of the murdered man and beat up the policeman guarding the corpses of the couple. Earlier in the afternoon the Koreans succeeded in preventing the Chinese judicial authorities from holding an inquest on the bodies. The demonstrators dispersed upon the arrival of consular representatives from the Japanese Legation in Peiping.

Another crowd of about 40 Koreans again collected on Tungchihmen Street the following afternoon for the purpose of creating fresh disturbances. Things appeared very threatening at one time, but thanks to the prompt arrival of Japanese Consular officers no untoward incidents occurred. The demonstrators dispersed.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

Japan Gropes Blindly for the Real Crisis of 1935-6

BY THE REVIEW'S TOKYO CORRESPONDENT

(Translations from various Japanese publications)

NEARLY two years have passed since the 1935 or 1935-6 crisis began calling attention from the public. It may even be said that the fountain-head of the crisis can, as far as publications indicate, be traced to the Manchurian incident. During these years it has kept drawing attention of the public, and now that 1935 has arrived the question has begun to receive new attention and new discussions. Apparently the people look upon the naval conference in 1935 as the centre of the crisis, but as is quite clear from the translations that follow the material of the crisis is not limited to the issue of the naval conference; they are, as it were, groping blindly in the dark for the source of the crisis.

Following are given translations from various articles on this question by persons regarded as creators of public thoughts, published in January issues of leading magazines. Writers: Shinsaku Hirata (平田晉作), military critic; Dr. Hitoshi Ashida (蘆田均), M. P. and diplomatic critic; Kamekichi Takashi (高橋龜吉), economist; Kisaburo Yokota (横田喜三郎), Prof. of the Tokyo Imperial University; Dr. Shin Ninakawa (蜷川新), Prof. of the Komazawa U; Tsunao Inamata (猪股津南雄), social critic.

1935-6 Has an Economic Crisis in Store

Kamekichi Takahashi—Bungei Shunju, Jan: At the time of the conclusion of the Washington Treaty a hope was given to the Japanese that, even if Japan abandoned the idea of raising her position in the form of the military, she would be favored with a chance of developing herself in the direction of foreign trade. This hope is now absent from the Japanese minds; there is no hope for them to make economic progress through peaceful means. The principle of free trade has been denied and the advanced Western nations, with political power, attempt to check the advance of Japanese manufactures. The situations of the world have moved in such a way that a future growth of Japan by peaceful means is rendered impossible. It cannot be denied that those Japanese who, as pacifists, thought that Japan would be able to develop through peaceful means, have come to realize that the white race is still intent on checking, with political and military power, Japan's climbing up to the same level as it. Such being the circumstance in which Japan finds herself, a time will sooner or later come when such an united line of pressure cannot but be destroyed with the strongest determination of the nation. As to the most opportune time of making the decisive drive, I hope the nation will not fail to arrest one under its nose—since the international situation surrounding Japan has so far developed as at present, we see no need of our further waiting for a better chance.

Financially Critical?

Tsunao Inamata—Chuo Koron, Jan: Crisis may be traced to the domestic finance. The military estimate for 1935 increased Yen 83,000,000. Of the total additional demands recognized 62 percent represents the demand by the army and navy. Total budgetary estimate for the military for 1935 comes up to more than one billion yen, corresponding to 48 percent of the entire estimate for state expenditure. At the time a "certain affair" approached Germany, her military expense occupied a similar percentage. The redbonds to be floated during 1935 come up to Yen 810,000,000. The red bond issue during four years of 1932 to 1935 amounted to 3 billion yen. It is feared the total amount of the bond issue will reach ten billion yen at the end of 1935. The State pays Yen 400,000,000 a year as interest on bonds, which amount corresponds to half the tax income. Expenditure needed for national debt and that required for the pavment of pension, when put together, cover the whole of tax revenue. All the state expense indicates upward tendency. According to Finance Minister Takahashi, it is even expected that the amount of the bond issue for 1936 may exceed that for 1935. Besides, general situations at home and the concrete plans formulated by the military authorities indicate that the military expense will continue to further swell.

Anglo-American or Anglo-Japanese Handclasp?

Hitoshi Ashida—Bungei Shunju, Jan: A New York correspondent states that the interest there now centres upon how far cooperation between Britain and the United States will be possible. The smaller the difference in naval power between Japan and Britain becomes in future, the graver will be the question of how Britain can protect India and Australia. Great Britain will then not be able to set her mind at ease until she shakes hands with either Japan or the United States. It may not be unreasonable to consider that in such an eventuality Britain, taking into consideration her various relations with America, will approach America to seek her cooperation. On the part of the United States, it may safely be surmised that since it is impossible for her to defend both Atlantic and Pacific waters at the same time, she has to keep one of them safe. The Americans generally believe that the chance of the outbreak of war is more on the Pacific then on the Atlantic. It is therefore but natural for them to study seriously how far Anglo-American cooperation is practicable.

Kamekichi Takahashi—Bungei Shunju, Jan: Economically Great Britain is in a rival position with Japan far more than Japan is with the United States. At the time the Washington Treaty was born the economic power of Japan was far weaker than it is at present while that of both Britain and America was incomparably great. The economic power of the latter two, especially that of Great Britain, has later dwindled to such an extent that not only these two Powers, but the whole world, has come to find it necessary willy-nilly to settle this question in some way or another. It is now time for the Whites to decide whether they will continue their domination over the Oriental races or quit the control. Facing the powerful advance of the Japanese nation, the world is now called upon to take up the question seriously. Under such circumstances I consider it for the benefit of Britain to cooperate with Japan. If, on the contrary, Britain shakes hands with America and meets a frontal clash with Japan, her position in the Far East would be completely undermined. From the above reasoning it is to be presumed that Great Britain will advance toward recognizing the Orientals, especially the Japanese, on the same level as the Britons themselves.

Crisis May Lie in the Building Competition

Kisaburo Yokota—Bungei Shunju, Jan: As in the case of the London Naval Treaty it is possible that a treaty Power gives understanding that it does not construct up to the treaty limit. As a matter of fact Japan's possession was limited by the treaty to 60 or 70 percent, but it actually held 80 to 90 percent. However, upon the abrogation of the treaty the situation will change. Judging from the American psychology with regard to the motive of Japan's discarding the treaty, it is to be expected that the American sentiment cannot be satisfied until the country actually possesses the strength of 5-3. This is why we fear building competiton will be unavoidable after the abrogation of the treaty.

Shinsaku Hirata—Bungei Shunju, Jan: In my view the 1935 crisis means the breakout of construction competition, in so far the navy is concerned. Admiral Pratt still sticks fast to the insistence that 5:3 ratio is the law which controls the world and is absolutely unalterable, while Mr. Vinson declares that if Japan construct 3 the United States will build 5, thus keeping the 5:3 ratio eternally unaltered.

Navy Minister Osumi—Chuo Koron, Jan: "If, after the abrogation of the Washington Treaty, no treaty is concluded, we must necessarily expect the arrival of a construction race.....We need not be afraid of the competition."

Crisis Lies Rather in Wild Agitation

Korekiyo Takahashi, Finance Minister, Budgetary Committee meeting: "What if the Preliminary Naval Conference fails and when the time comes for Japan to formally quit the League? It may be that an outbreak of war is unavoidable." It appears this is the common fear of the general public and it is with such a frame of mind that they regard the critical period. This is quite regrettable. But it cannot be helped. Everything now stands up to blow a bugle or a trumpet and the people are lured to dance to the tune. It is because of this sitaution that I call the present a critical period. Indeed, we are thus in an extraordinary period.

1935-6 Crisis is the Continuation of Manchurian Incident

Kamekichi Takahashi—Bungei Shunju: Japan has been subjected to unfair treatment in all directions. To emancipate herself from the international restraint a determination to match is required. Precedents are in Europe: Hitler, for instance, had to start a movement to abrogate treaties by force. A similar sentiment now permeates throughout Japan, I presume. The Manchurian incident may be compared to such a movement, and it is a question whether 1935-6 crisis is rightly termed or not. Yet, it is nevertheless a fact that the national sentiment, in order to destroy the past unequality, has at last come to voice the arrival of the critical period. From this sense it may be said the words, "1935-6 crisis" signifies, in a way, that the Manchurian incident has not yet been settled up.

1936 Crisis Lies in 1896 C.E.R. Treaty

Shin Ninakawa—(in book form): According to the provisions in the Chinese Eastern Railway Agreement concluded in 1896, the railway goes to the hands of the Chinese in 80 years from the date of the commencement of the traffic. Besides that, the treaty stipulates

How Old are your Eyes?

Most bad eye sight comes from eye strain. And most eye strain comes from bad lighting. Eye strain caused by poor lighting may permanently impair your vision.

Our Lighting Specialists will gladly aid you in solving your lighting problems.

Shanghai Power Company

Head Office : 95 NANKING ROAD TELEPHONE 11010

that after the lapse of 36 years from the date of the commencement of the railway traffic China has the right to claim ownership of the railway in exchange of compensation offered by China. The Japanese seem not to be aware of this fact. The Chinese, however, are waiting for the time to come. For years the Americans have been looking forward to the arrival of the time when they may be able to wrest the South Manchurian Railway from the possession of the Japanese. The situation is so precarious. The 36th year falls on 1936!

Will Japan's Isolated Position Last Longer?

Hitoshi Ashida—Chuo Koron, Jan : The isolated position of the country will become still manifest in 1935. The nationalistic sentiment of the people will grow more and more pointed as they become more deepely conscious of the isolated position of the country. This will in turn be reflected outside of the country, with the result stimulating the sense of insecurity over the sea. All the state policy in 1935 should be based upon this reality. It is undoubtedly in view of this possibility that Finance Minister Takahashi stated on Dec. 2 at the Budgetary Committee meeting that the principle of the "diplomacy first and defense second" policy decided upon at the Five Ministers' Conference should be practically applied to the execution of state politics.

Equipment for Engine Workshop Near Shanghai to Be Bought in Britain

The Chinese Government Purchasing Commission is calling for tenders to the value of £100,000 from British firms for machinery and equipment for an engineering workshop to be erected in the vicinity of Shanghai. The workshop, it is stated, will manufacture large iron and steel tubes as well as various types of commercial machinery. The erection of the workshop, which will be a state concern, is expected to commence next summer. Tenders are required to be submitted within a period of two months.

China Now Strictly Controls Excavation and Shipment of Relics

The Standing Committee of the Central Committee for the Custody of Ancient Relics has adopted a set of regulations governing the issuance of permits for excavation of ancient relics. Measures governing the exportation of ancient relics, their investigation and custody, the participation of foreign cultural organizations in the excavation of ancient relics, the repairs to Lung Men (Dragon Gate), the custody of ancient relics at Pai Ma Szu (Monasteries) and the development of the Mou Mausoleum into a park were passed and will be submitted to the Executive Yuan for approval.

Over 100 cases of ancient relics, recently excavated in Anyang, Honan, under the auspices of the Institute of History and Philology of the Academia Sinica, arrived in Nanking Jan. 12. Another 50 cases were sent to Peiping.

The finds are mostly earthenware utensils and fossils. Few bronzes were found. Experts will be assigned to make a study of their historical value.

Korea as a Source of Aluminum

A prediction that aluminum which will be produced in Korea will not only meet the demands of Japanese manufacturers but will compete with foreign products in markets abroad, was made Jan. 14 by Nobuteru Mori, President of the Nippon Electric Industry Company, who recently returned to Seoul from an extensive investigation trip through Zenranando in the southern tip of Korea. "The annual production of aluminum to be produced from alum that will be mined at Seizan and Kenpizan in the district will amount to 7,300 tons," Mr. Mori said. The alum-stone deposits there will last for more than 100 years at that rate of extraction, according to Mr. Mori. While aluminum is generally produced from bauxite abroad the Japanese process will extract both calcium sulphate and aluminum from alum-stone, Mr. Mori said. Production will be started this spring, he added.

Modern Education and Divorce in China

BY B.Y. LEE (李炳都)

THE struggle of young Chinese womanhood for emancipation and the right of women to select their own husbands has led to the death of many modern-educated young men and women from poisoning, jumping over-board, hanging themselves, and other forms of self-destruction, and at the same time we hear frequently of suicides among the young couples, either due to disappointment or jealousies, caused by love affairs or verbal quarrels concerning trifling affairs. From the Chinese daily newspapers, we read almost daily such news as that a certain well-dressed young man or woman had committed suicide in a modern hotel, due to some unknown reasons—evidently due to a love affair. The modern girl refuses to go through with her side of the bargain, which was previously arranged by her parents, claiming that she has the right to select her own mate. She thinks that life without her own selection of a husband is not worth living. The young folks, particularly the modern, educated ones, having superficially glimpsed into the modern life of westerners, believe that freedom in marriage means ever-lasting happiness, and that when this hard struggle is overcome all obstacles in life are removed. What an ideal life, what an ideal family they will have! This kind of idiosyncrasy exists in the minds of the young without giving a second thought as to whether it be a tonic or a poison. The idiosyncrasy which is deeply rooted in the young mind can hardly be erased in a short time by any authorities.

Youths are youths all the world over; they are romantic; they love adventures; they dislike interference. Once they get an education, especially the modern one, they think they can fly to the planet Mars. They think their old-fashioned parents are wrong in every respect. During the past two decades of social changes and social reformation in China, volumes of western social literature have been imported and translated into Chinese, and among the western social customs and usages filtered into the young mind, the freedom of marriage attracts the greatest attention. Many western returned students, after having studied superficially abroad, come home and tell strange stories of freedom in marriage in the West. These stories are eagerly absorbed by the youths. Newspapers all the world over are full of stories about the emancipation of women, elopements, and suicides due to interferences of parents in respect to their sons or daughters's marriage. The modern-educated Chinese youth reads in newspapers this kind of news. Then he talks with his school-mates about what he has read. His full sympathy goes with the youth in love, and now he determines to be free. It is a well-known fact that news items generally relate something bad or unusual. Hence what these young folks know or learn about western social customs or practices, is gleaned from daily papers. They do not realize that in western countries, especially in some European countries, faithful sons and daughters usually get their parents' consent before the wedding takes place.

Chinese Youth Drifts With the Current

The Chinese youth drifts with the current, and the current is superficially created by the youth himself, who misunderstands or holds a wrong conception of western marriage through the reading of imported western social literature or superficial observation. We know that the so-called education as received by the youth to-day is inconsistent and inefficient. The more education he receives, the more radical conception of modern marriage he holds. He does not see there are always two sides to every problem, the good and the bad. He accepts the western products, either goods or social ideas, at their face value, without scrutinizing their practicability in application in China at present. China is an old country, with a vast population, and the people are somewhat more conservative than western peoples, whose growth runs parallel with the progress in material and intellectual education. While in China, practically all the people, with the exception of a limited number of high educated ones, do not fully understand or are able to tackle the problem concerning the freedom of marriage. When a wild idea gets loose in the minds of the youths, China goes mad. Formerly divorce was unheard of in China, but now-a-days it is a common occurrence. The more freedom in marriage, the greater the number of divorces. The modern-educated youth considers marriage a play—a mate, a playmate. The number of divorces is increasing and appalling. It should be admitted that what China has quickly absorbed from the West consists mostly of something either valueless or bad.

Marriage is no longer a holy bond to the young mind. He or she can easily approach a lawyer to arrange a divorce. Formerly no person dared to walk over the ground where a divorce was arranged or took place. Recently statistics compiled by the Bureau of Social Affairs of the Nanking Municipal Government reveal that there were 51 divorce cases in the capital in 1933. Seventy percent were filed by women, mostly on grounds of desertion and ill-treatment. Statistics concerning divorces in Shanghai are unavailable, but the number is usually large. It is conservatively estimated that the number of divorce cases recorded in Shanghai Chinese courts is more than two hundred a year, and besides, many cases are handled by lawyers outside the court with the consent of both parties concerned. Occasionally a Chinese daily paper prints many columns in its advertisement section about the dissolution of marriage with the lawyer as a witness. This type of divorce costs less, which is preferred by a majority of the would-be divorcees. If the case goes to court, the parties concerned each may have to pay a big sum to lawyers. Modern love and divorce go hand in hand; they are social evils and are contagious. In Shanghai there are several hundred lawyers who receive a large share of their income from divorce cases. A petty scandal or domestic disagreement may lead young couples to the divorce court, with words of subile encouragement from lawyers.

The fundamental causes of divorces in China are many; the one who files a suit for divorce in the court is usually the one who receives a modern education and comes from a family of means. It is a tendency among the youths that anything old, such as the old form of marriage as arranged by parents, the old teachings of Confucious and other sages, old customs, must be thrown over-board. What they learn in schools practically means nothing to them. They have no sound judgment as to what is good or what is bad. Their education is both inefficient and superficial. They think, with their fancies and whims; their passion of love is unstable, due principally to an unstable mind, and this in turn is caused by unsound education and bad environment. They think of marriage as a sort of business bargain and that the bargain may be easily got rid of under certain ordinary circumstances. Some timid parents dare not interfere because the youths are free to-day. Sons and daughters of concubines are worse in this respect as nobody would like to restrain their freedom in choosing a mate. It is not uncommon to see a school boy marry one of his co-eds while attending a middle school. Divorce is one of a thousand social evils into which the youths have already fallen. How to teach the youth about the sanity and holiness of marriage is a great problem. The old religion and the moral teachings of great sages are discarded, the old family system is broken, and the old conception of marriage is considered rubbish. Unlike cabaret dancing, which can be forbidden by law, the laxity toward divorce is a contagious disease and is hard to restrict by law, under present circumstances.

The Wiles of Divorce Lawyers

The law of the country in regard to divorce is too lax. Since the establishment of the Republic we have too many new laws and too may lawyers. Once a divorce case is filed in the court is almost sure to be granted. The morals of the lawyers in metropolises in China, particularly those in Shanghai, are at a very low ebb; with their tricky words, they can easily interpret the law to suit their own purposes. They seldom act as meditators to settle the difference between the young couple outside the court. The law makers, too, should be blamed for copying the divorce law from western countries, without considering the social and moral conditions in China as a backgound and the courts are too lenient toward the home breakers. Divorce should not be granted except under special circumstances, after and careful and strict investigations. If the law-makers and law executors are more strict in the administration of their duties, the number of divorce cases in China is not so large and the minds of the youths are not so defiant toward the bonds of matrimony. The trouble in China to-day is that so many high government officers and officials have divorced their wives, and thus have set a bad example for the people to follow. Many women even don't know how to appeal to the court for alimony.

Many modern-educated women married when their husbands received fabulous fat pay or held important positions in business or spy high in government. They began house-keeping a grand large scale. There would be a large number of servants, much entertaining and being entertained. Then, suddenly an adversity occurred. He lost his money or position. His family budget had to be re-adjusted to meet the new situation. His modern wife resented and rebelled. The couple shifted apart farther and farther day after day. She went to consult her lawyer, and naturally she was advised to file a suit against her husband for divorce. Why the greater proportion of divorce cases are filed by women. The modern woman lives an artifical life instead of a natural one. She has not learned that the home is maintained by joint interest and devotion; she is used to comforts and luxuries, and once these are not forthcoming she feels life is not worth living. The modern woman is the one who receives a modern education, which means very little to her. She has not learned that the woman cooks the meals, cleans, cares for and beautifies the house. This arrangement is elemental, and constitutes the foundation of family happiness. Some modern women even bring up the law in point of to discussion whenever a domestic affair arises.

Busy Wives Are the Happiest

The modern woman is too idle, and idleness breeds divorce. She plays cards, attends various social engagements and different

committee meetings, makes speeches, conducts campaigns. Household work has come to be something that is looked upon with scorn. Marriage is a partnership; each partner is supposed to labor. It is proved in most cases that the happiest and healthiest housewives are those whose hands are filled at least part of the time with homely duties. Gossips and many outside "interests" are the sources of breaking up homes among many modern couples. China can't stay backward all the time, she must be modernized with things modern. It is proved in many instances that any new social phenomenon or social conception that is first introduced or filtered into the young minds is alwavs misunderstood, or even causes disaster. Modern love and divorce are synonymous. The modernly educated young people in China think that every one in western countries selects its own mate without the approval or mutual consent of its parents; and they hold this view so tightly in their minds that nothing can modify them.

The number of divorce cases must be reduced to a minimum each year, and something must be done to make it effective. First, the divorce law must be modified and be as strict as that which is enforced in some European countries and Japan in where the number of divorce cases is very few. There should be some well-organized bodies representing some important and influential citizens to request the Government to repel or revise the present divorce law, so that only under extraordinary circumstances, divorces will be granted. The old conception in regard to marriage should be renewed, and old marriage rites should also be encouraged. The present marriage ceremonies are too simple, and last only an hour or two. It is generally held to be true that the longer the wedding ceremonies, the more permament the wedlock; the simpler they are, the easier the divorce. The old-fashioned ceremonv lasts several days and is considered a great event. The couple married under such circumstance respect and adhere to their original matrimonial agreement more dearly and sacredly. The old religion that forbids divorce should be preached and propagated. Most Chinese youths now are religiousless; they fear neither gods nor devils; they seek for their own bodily satisfaction without paying any serious attention to the moral side of a problem. Most professed and devoted Chinese Christians very seldom are divorced, and the same is true with the old-fashioned and conservative folks. Only the half-baked youths neglect the fundamentals of the old Chinese civilization. Until the modernly educated vouths accept either the Christian moral doctrine or the old Chinese religious precepts in regard to the holiness of marriage, China will be saved from the bankruptcy of divorce degeneration.

Shanghai, Jan. 15, 1935.

British Engineering Firms Secure China Contracts

In connection with the development of a new port for the Chinese State Railways in Honan, the Fraser & Chalmers Engineering Works, Erith, Kent, have secured a contract for a complete power station, a coal storage, reclaiming and shipping plant and handling equipment for general merchandise. The Motherwell Bridge & Engineering Co. has been awarded the contract by the Chinese Purchasing Commission.

Dr. Uchida to Negotiate on Railway Loans with Nanking Government

It is reported from Tokyo that Dr. Katsuji Uchida, managing director of the East Asia Development Company, will come to China in March to begin negotiations with the Nanking Government for the readiustment of the Nanchang-Kiukiang Railway loans made to China by his Company. The loans amounted to $7,757,723.86, whereof nearly two million dollars were advanced directlv by the Company. Several Japanese loans to China, including those for the Peiping-Suyuan and Shantung Railways have already been settled through the efforts of Dr. Uchida.

Yu Yuan Cotton Mill in Tientsin Suspends Operations

The Yu Yuan Cotton Mill in Tientsin suspended operations last week with losses and liabilities totalling $5 millions. The mill workers thrown out in consequence of the closure, despatched delegates to petition the City Party Headquarters and the Bureau of Social Welfare for relief. The creditors of the Mill are also asking for protection from the Bureau.

Million Dollar Loan for Tungkwan-Loyang Highway

An agreement for a loan a million dollars for the building of a highway between Tungkwan, eastern Shensi, and Loyang, north-west Honan, was signed at Kaifeng, Dec. 26, by representatives of the Honan Provincial Government and the branches of the Central Bank of China and the Bank of China. The road is to be constructed in accordance with the order of General Chiang Kai-shek, President of the Military Affairs Commission, who during his recent inspection of the two provinces, saw the need of a highway between the cities in order to promote transportation.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES ...

In CHINA file your messages
"via CGRA—RCA"

(Chinese Government Radio Administration
R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.
(A Radio Corporation of America Subsidiary)
Office of Representative—Sassoon House—Shanghai.

SOCONY
EASY STARTING
QUICK PICK UP
POWER
GASOLINE

STANDARD-VACUUM
PRODUCT

71-299

Manchukuo-Japan Trade Relations

(From the "Oriental Economist," Tokyo)

THE external trade of Manchoukuo, which had been on the decline in both imports and exports ever since the recent military outbreak, has lately begun to show a considerable increase (at least in imports), a situation brought on by the economic construction in which the country is now engaged. Some idea of recent trade conditions may be gathered from figures given out by the Finance Department of Manchoukuo, as below:

TABLE 1.—TRADE FIGURES OF MANCHUKUO
(in 1000 yuan)

	Exports	Imports	Balance
1928	667,820	459,357	+208,463
1929	658,837	502,303	+156,534
1930	607,604	462,180	+145,424
1931	738,288	341,123	+397,165
1932	615,362	300,682	+314,680
1933	423,326	514,540	— 91,214
1934 (Jan. to July)	264,006	318,260	— 54,254
Same period last year	265,308	267,727	— 2,419

\+ excess of exports over imports
— excess of imports over exports

Exports, which reached a peak of over 738,000,000 yuan in 1931,—the year preceding the military outbreak,—have since been on the decline. They dropped last year to 423,000,000 yuan, a decrease of 315,000,000, or 43 %. This violent reduction was due to reduced exports of beans and beancake, the staple exports of the country, in consequence of European restrictions on these goods; and to the sharp falls in price caused by the slump. Imports likewise followed the same downward trend, the only point of difference being that signs of decrease began to be seen even earlier. For in 1929 imports amounted to 502,000,000 yuan which were still reduced to 301,000,000 in 1932, a decrease of 201,000,000 yuan or 40 %. The more favorable position of exports was accounted for by the prevailing price of silver, which maintained its weak tendency until a few years ago, aiding the outgoing trade.

When the country entered its period of economic construction, there was a sharp turn in the trade situation. While exports continued downward, imports at once began to advance at a very brisk pace, reaching the phenomenal value of 515,000,000 yuan last year, an advance of no less than 71% over the previous year. This figure was further improved in the period between January and July this year, with an export record of 318,000,000 yuan, an advance of 19% over last year.

This gain in imports is due almost entirely to increased purchasing of Japanese merchandise. In the field of exports as well, Japan figured the more prominently as shipments of beans and bean products to Europe continued to decline, thus increasing Manchoukuo's tradal dependency on this country. Reference may be made to the figures for last year:—

TABLE 2.—MANCHUKUO'S FOREIGN TRADE BY COUNTRIES
(Total value 100%)

	Exports	Imports
Japan and Korea	48.0%	65.7%
China	13.0	15.5
United States	1.7	5.6
India	0.3	2.9
Germany	15.7	2.0
Others	21.3	8.3

Japan's share of this trade is 48%, or nearly half the total export values. Germany follows far behind with 15%; China, the adjacent country, is credited with only 13%. Among others are Soviet-Russia with 3% and Great Britain with 2%. Trade relations between Japan and Manchukuo are even more impressively reflected in imports, those from Japan constituting approximately two-thirds of all. China followed with only 15.5% and the United States was a weak third with 5.6%, while India and Germany were credited with 2.9% and 2% respectively.

Japan-Manchukuo trade is even more accentuated this year. Attention may be called to table 3, showing Manchukuo's foreign trade from January to July by countries.

It may be pointed out in the first place that the total value of exports shows a decline of a million yuan as compared with the same period of last year. But the exports to Korea resulted in an increase in value of 12,000,000 yuan, while the exports to Japan proper declined by 2 million yuan. The total trade with Japan and Korea represent an advance of 10,000,000 yuan over the same period of last year. China and Holland advanced, with 3,000,000 each, while trade with Soviet Russia contracted by an equal amount.

In the field of imports the total value for the period under review represents a gain of 51,000,000 yuan, of which 49,000,000 or 96%, is accounted for by increases from Japan and Korea. Germany advanced with 9,000,000 yuan, while the United States and British India followed with 9,000,000 and 6,000,000, respectively. In contrast, imports from China fell off by 15,000,000 yuan.

TABLE 3.—MANCHUKUO'S FOREIGN TRADE BY COUNTRIES
(Figures in 1000 Yuan; period, first 7 months)

	1934 Ex.	1934 Imp.	1933 Ex.	1933 Imp.	Comparison Ex.	Comparison Imp.
Japan	108,944	203,156	111,000	155,226	(—) 2,056	(+) 47,930
Korea	31,751	15,336	20,000	13,909	(+) 11,751	(+) 1,427
China	36,578	25,130	33,568	40,241	(+) 3,005	(—) 15,111
Russia	6,904	3,582	10,112	5,386	(—) 3,208	(—) 1,804
Hongkong	3,821	1,148	3,607	4,093	(+) 214	(—) 2,945
British India	518	12,905	772	7,001	(—) 254	(+) 5,904
Netherland Indies	1,471	3,186	2,851	1,952	(—) 1,380	(+) 1,234
Great Britain	4,418	5,751	3,952	3,820	(+) 466	(+) 1,931
France	2,190	293	1,679	352	(+) 511	(—) 59
Germany	28,903	6,911	40,428	6,046	(—) 11,525	(+) 865
Belgium	831	202	157	782	(+) 674	(—) 580
Holland	5,279	235	2,715	81	(+) 2,564	(+) 154
Italy	2,404	687	952	258	(+) 1,452	(+) 379
U.S.A.	3,059	26,574	3,689	17,984	(—) 630	(+) 8,590
Others	27,940	13,215	29,826	10,598	(—) 1,886	(+) 2,617

If now the country's trade be surveyed according to commodities, it may be noted in the outgoing trade that bean and bean manufactures, which are the staple exports, showed a sharp decline from last year. Exports of beans amounted to 23,000,000 piculs in volume and 84,000,000 yuan in value, a decline of 400,000 piculs (2%) but a loss of 26,000,000) yuan (24%). This sharp decline in value was due both to the general agricultural slump and to the German ban on bean imports. Exports of bean-cake amounted to 16,000,000 piculs and 41 million yuan, and those of bean-oil to 1,000,000 piculs and 11,000,000 yuan. Both commodities showed great gains in volume while in value they took heavy falls, the causes being similar in the main to those above mentioned. In contrast, exports of other agricultural products generally showed more satisfactory results. As shown in Table 4 Indian corn, millet, peanuts, hemp-seed, sesame-oil, and miscellaneous cereals each recorded greater or less advances in value. But their values being low, the highest not exceeding the 10,000,000 level, they are incapable, increase as they may, to counterbalance the losses in beans and bean manufactures. In coal and pig iron, commonly regarded as chief items supplied to Japan, exports of the former amounted to only 2,300,000 tons and 23,000,000 yuan, a retrocession of something like 10% both in amount and in value from the same period last year; while exports of the latter commodity amounted to 4,408,000 piculs and 5,000,000 yuan, a decline of slightly less than 20% from the previous year. Of the coal exports 90% went to Japan and Korea, while almost all the exports of pig-iron were taken by Japan alone. Decreased exports of these goods may be explained by the growing construction work in Manchuria.

From the above survey it may be seen that Manchukuo's export trade, except in a few particular lines, has generally sunk to a very low state of depression.

TABLE 4.—CHIEF EXPORT COMMODITIES OF MANCHUKUO
(From January to July 1934)

	volume	value in 1000 yuan	Comparison with last year: volume	Comparison with last year: value in 1000 yuan
Peanuts, 1000 piculs	1,194	10,823	(+) 625	(+) 5,166
Millet, 1000 piculs	2,904	14,366	(+) 925	(+) 3,784
Indian corn, 1000 piculs	1,365	3,416	(+) 899	(+) 2,006
Cereals, 1000 piculs	2,562	5,249	(+) 1,450	(+) 1,824
Beans, 1000 piculs	28,467	83,722	(—) 407	(—) 26,254
Tussah silk, 10 piculs	1,519	4,722	(+) 8	(—) 4,985
Coal, 1000 tons	2,314	22,690	(—) 228	(—) 4,666
Bean-cake, 1000 piculs	16,089	40,642	(+) 3,116	(—) 3,042
Bean-oil, 1000 piculs	1,136	10,528	(+) 266	(—) 1,592
Iron and pig-iron, 1000 piculs	4,428	6,284	(—) 869	(—) 88

As mentioned above, imports have been advancing with long strides since last year. Two distinct tendencies may be noted by close study. One is reflected in decreased imports of articles of consumption as against the increase seen in aggregate import values. As shown in Table 5 woolen textiles, cotton piecegoods, cotton yarn, gunny-bags, wheatflour, sugar, and tobacco, have considerably fallen off in their import values. The most noteworthy are wheat flour and woolen and cotton textiles, which, in the order named, have declined by 12,000,000 yuan (31%), 20,000,000 yuan (83%), and 6,000,000 yuan (15%). In point of volume, however, there are items such as gunnybags, wheat-flour, and sugar, which have more or less grown. But generally speaking, importation of these goods for consumption is severely affected by the agricultural slump prevailing in Manchukuo and by the consequent contraction of demand in the interior areas. Under these circumstances it is inevitable that industries in Japan, which supplies from 80% to 90% of Manchukuo's imports, should be materially affected by the prevailing tradal conditions.

The second point to be noted in Manchoukuo's import trade is the considerable amount of construction materials figuring in the list. What is more, such takings still continue to increase. As shown in Table 5 imports of iron and steel amount to 37,000,000 yuan, topping the whole list. Vehicles and vessels amount to 16,000,000 yuan, topping the whole and machines and tools to 13,000,000. timber following with 11,000,000. Compared with the previous year iron and steel increased by 21,000,000 yuan (131%) machinery and tools by 9,000,000 yuan (225%), timber by 7,000,000 yuan (180%), and vehicles and ships by 4,700,000 yuan. In the

monthly trade reports issued by Manchukuo, it may be seen that the most important items in point of value are rails and building materials under iron and steel, locomotives under vehicles and ships, various apparatus under machinery and tools, and railway sleepers under timber. It also appears that Manchukuo's import trade has been growing since last year chiefly in consequence of heavy buyings in railway and building materials. In the supply of these commodities, too, Japan occupies a position of preminence, the only exceptional instance being in timber, in which the United States outstrips Japan. In other lines the United States is credited with a very modest quantity of iron and steel and an equally small amount of vehicles and vessels, while a little iron and steel is bought from Germany.

In connection with Manchukuo's import trade, which is mostly confined to Japan, attention must be paid to its financial aspect. Manchuria has always been known as an export country, with the trade balance invariably in its favor. It is also known that in non-commodity exchanges with other countries she has always been paying in excess of receipts, a situation that continues to date. However, her exports of gold were only 300,000,000 yuan during the period between January and July of this year. It is to be concluded that in these circumstances Manchukuo must depend on foreign capital to meet her unfavorable balance. Such capital cannot be found except in Japan. To put it in simple language Manchukuo has initiated her economic construction under the protection of Japanese capital.

Consequently, it may be said that the market for Japanese merchandise in Manchuria will be determined by the amount of capital invested there by Japan, so long as bean exports fail to recover.

TABLE 5.—CHIEF IMPORT COMMODITIES
(January to July, 1934)

			[Comparison with previous year		
	Volume	Value, in 1000 yuan		Volume	Value, in 1000 yuan
Iron and steel	—	37,049		—	(+) 20,888
Machines and tools	—	13,133		—	(+) 9,131
Timber	—	11,416		—	(+) 7,429
Vehicles and ship	—	16,224		—	(+) 4,667
Lamp oil*	16,758	8,062	(+)	11,042	(+) 4,057
Cement	3,150	4,735	(+)	1,692	(+) 1,944
Petroleum*	—	6,464		—	(+) 1,778
Oil	14,336	7,243	(+)	6,168	(+) 541
Cotton	181	7,854	(+)	37	(+) 706
Wool textiles	—	24,139		—	(—) 19,701
Cotton piece-goods:	—	24,139		—	(—) 6,467
Grey	—	8,952		—	(—) 7,256
Bleached	—	11,905		—	(—) 3,057
Printed	—	5,743		—	(+) 708
Other	—	5,609		—	(+) 3,138
Cotton yarn**	5,864	4,635	(—)	6,437	(—) 4,559
Gunny bags	443	7,239	(+)	87	(—) 1,801
Silk textiles	—	5,281		—	(+) 650
Wheat-flour	4,108	27,463	(+)	880	(—) 11,871
Sugar	817	6,119	(+)	39	(—) 709
Tobacco**	13,188	4,325	(—)	5,470	(—) 3,165

* 1000 gallons. ** 10 piculs.

HAVE YOU ENOUGH BLOOD

To keep you always warm?

Some people are always complaining of cold, even when they are well wrapped up. Other people seem to keep snug and cosy at all times. The difference between these two types is a difference in the condition of their blood.

The person with hands and feet like blocks of ice is suffering from the fact that his blood is insufficient to circulate freely in the extremities, which are naturally furthest away from the heart.

Such people are in daily danger of an attack of pneumonia or other winter disease because of their lack of resisting power to cold.

In winter, more than at any other time, a plentiful supply of rich, red, pure blood is essential. Growing sons and daughters especially should be watched at this time and if they are inclined to complain unduly of cold you can be sure that they are anaemic, and that their blood needs building up at once. For this purpose there is nothing to equal that world-famed blood-building tonic, Dr. Williams' Pink Pills. For men and women, girls and growing sons, they are equally beneficial, creating rapidly a supply of rich, pure blood which fortifies the system against winter diseases.

And for all that class of ailment arising from impoverished blood; weakness and emaciation, debility and neurasthenia, pallor and listlessness, dyspepsia, rheumatism, and women's ailments, Dr. Williams' Pink Pills are the tried and proved remedy which have justified their claims in thousands of cases all over the world.

You can obtain supplies from all chemists.

I.D.EMULSION
OF COD LIVER OIL
五洲白乳魚肝油

Excellent quality

Reasonable price

Invaluable as a tonic for all ages.

INTERNATIONAL DISPENSARY,
231 FOOCHOW ROAD, SHANGHAI
AND BRANCHES

ONE OF *THE BEST VALUES* IN SHANGHAI

The telephone is of such infinite usefulness in a hundred and one ways that it more than repays the small cost of its rental.

Any of our employees will be pleased to take your order, or Consult the Business Office Now :—

TELEPHONE 94090

SHANGHAI TELEPHONE SYSTEM COMPANY

71-301

—Photo by H. S. "Newsreel" Wong. Courtesy, China Press

General Chiang Kai-shek attends Graduating Exercises of Hangchow Air Academy. Left to right, Mrs. John H. Jouett, Madame Chiang Kai-shek, General Chiang, Mrs. Peter Mow and Colonel Chang Chung-yun, chief of the general affairs section.

Hangchow Air Graduates Display Marvelous Skill

The third annual graduation exercises of the Hangchow Government air school, which were held at Hangchow, Dec. 29, with General Chiang Kai-shek in the reviewing stand, once more called attention to the great progress which China has made in the science of aviation. The school has grown from a few straw sheds and a poor flying field into a well-equipped institution. Among its staff are 17 American aviation experts who have installed American methods and American standards. Colonel John H. Jouett of Washington, D. C., heads the American staff, while Dr. Eldridge Adams of Atchison, Kansas, is the chief medical adviser and instructor of aviation medicine. Miss Alma Wade of New Orleans is secretary of the American staff.

Eighty-one pilots were graduated at the recent commencement exercises at Hangchow. Colonel Jouett expressed the opinion that the cadets were the equal of any in the world, adding that the Chinese seem to possess an inherent ability for flying. Instead of wearing the traditional caps and gowns, and participating in the other usual incidentals to graduating exercises, the 81 graduates made a display of their skill. Each took a military plane up in the air and participated in the greatest air review that China has ever seen. Not a flyer made an error. All came down to receive the commendation of General Chiang.

In addition to the 81 additional pilots who were thus added to the Chinese air corps, 20 cadets from the aerial bombardment school and ten aerial photographers also got their sheep skins. They, like the pilots, were also trained under American eyes.

Of the graduating pilots, 15 departed for the United States for further study in America's outstanding aircraft factories and aviation schools. They are scheduled for another year's work in American surroundings and then they will be expected to help their country to forge ahead still more rapidly in its air development program.

The Chinese government is also establishing another school at Nanchang, Kiangsi. Although considerable secrecy surrounds developments at the Kiangsi capital, the indications are that Italian flyers and equipment will be in the ascendancy there, as a result of exceptionally liberal terms offered to the Chinese government by Italian air experts and Italian airplane manufacturers.

Present indications are that the majority of the American instructors now on duty at Hangchow will be replaced next June by American-trained Chinese experts. It has been definitely ascertained that Col. Jouett's contract, which expires in June, will not be renewed.

Chinese Military and Transport Mission Arrives in Washington

The Chinese Military and Communications Mission headed by General Yu Pei-feng, arrived in Washington Jan. 10. The visitors called on Secretary of State Cordell Hull and Under-Secretary of State William Phillips, Secretary of War George Dern, Secretary of Commerce Daniel C. Roper, and Postmaster-General James A. Farley. Assistant Secretary of Commerce John Dickinson tendered a luncheon in honor of the visitors, for whom a reception was given later in the afternoon by the Chinese Legation.

Eurasia Aviation Corpration Plans New Route to Germany

The plan of the Eurasia Aviation Coropration for the institution of an Europe-Asia Inter-Continental Airway between Berlin and Shanghai has been approved by the Ministry of Communications, according to Li Ching-sung, Managing-Director of the Aviation Corporation. When the German Government approves the proposal, a test flight will be made next month, he said. A plane will start from Berlin and take the route over Greece, and India to Shanghai. It is estimated that the entire journey, covering a distance of over 14,000 kilometres, will be done in 53 hours. If the test flight proves satisfactory, air service will be started in March, Mr. Li said.

American Breaks Record for Light-Weight Planes

An American aviator by the name of Chester at Miami, Florida, Jan. 10 hung up a new world record for speed for planes in the class weighing less than 450 kilograms, when he reached a speed of 381 kilometers an hour, flying in a closed circle of 100 kilometers in circumference. The new record betters that formerly held by Delmotte, French airman, who achieved a speed of 345 kilometers an hour.

Amelia Earheart Makes Solo Flight from Honolulu to California

The first solo flight across the Pacific from Honolulu to California was successfully concluded Jan. 12, when Miss Amelia Earhart, the well-known American aviatrix landed at Oakland, California, Jan. 12, 18 hours and 16 minutes after she had left Honolulu. Heavy fog over hundreds of miles of the perilous 2,400 mile ocean trip delayed Miss Earhart and considerable anxiety was felt when her plane failed to arrive when expected. This anxiety, however, was dispelled when the plane was finally sighted over the city. Miss Earhart, who in private life is the wife of George Palmer Putnam, American book publisher, landed fresh and smiling and was given a tremendous reception by a crowd of about 5,000 persons.

British Air Squadron at Singapore to Be Strengthened

A complete British squadron overseas is being re-equipped by air for the first time. The flying-boats at Singapore are to be replaced by Short "Singapore" craft. The present equipment consists of Supermarine Southampton flying-boats. The new aircraft will be fitted with four Rolls-Royce Kestrel engines and are being flown to Singapore from Pembroke Dock. The new aircraft are being commanded in their flight to Singapore by Squadron-Leader A. F. Lang and are due at Karachi on Feb. 8, after paying calls at Udaipur, Gwalior, Allahabad, Bhagalpur, Chittagong and Rangoon. They are expected to reach Singapore by March 2.

Soviets Abandon Equality of Earnings Principle

The drastic changes brought about in the life of Russian workers was discussed in an article in Moscow *Pravda*, Jan. 13 ostensibly dealingwith the wages problem. Before the recent abolition of the socalled bread cards, the article says, wages were only one part of the recompense for services rendered. Besides the money paid him, the worker had always been assured of his bread ration as well as other forms of payment in kind. Abolition of bread cards, which was merely a prelude to the discontinuance of state control over all articles of prime necessity, implies far-reaching changes. Within a short time, wages will be the sole form of payment for services. *Pravda* declares that this will necessarily give the masses a new incentive to effort. "Whoever is master of the technique of his profession of handicraft will earn more," says the Soviet party organ. This means the end of the principle on which the Soviet system has been based, namely, equality of earnings.

Tenth Anniversary of Soviet Regime in Sakhalin to Be Celebrated

The Far-Eastern Regional Executive Committee has decided to organize a large-scale celebration of the tenth anniversary of Soviet regime in Sakhalin island on May 15. Preparations have been made for the organization of large exhibitions at Habarovsk and Alexandrovsk, reflecting the past and present of Sakhalin. A group of Soviet writers is proceeding to the island in order to write books on the development of Sakhalin, as well as books describing the builders and defenders of this extreme eastern borderland of the Soviet territory.

Soviet Russia and China Exchange Paintings

The Commissariat of Education and the Chinese Embassy in Moscow, Jan. 14 exchanged pictures of Soviet and Chinese artists. This exchange was sponsored by Prof. Hsu Peng-hung who, after the closing of the Chinese paintings' exhibition in Moscow, left thirteen paintings by Chinese artists, which have been placed in the various Moscow museums. In return, the Commissariat of Education gave to the Chinese Embassy eleven paintings by Soviet painters, including Repin, Surikov, and others, to be sent to Nanking.

Soviet Cotton Harvest Larger than Last Year

The Soviets report that despite the exceptionally unfavorable weather conditions this year, the harvest of cotton fibre has exceeded that of last year by 7,300 tons. The harvest of Egyptian cotton alone increased by about 7,000 tons and equalled the maximum amount of Egyptian cotton imported into the USSR in any of the post-revolutionary years.

Soviets Discover Oil in Kamchatka

A Soviet geological expedition working on the western shore of Kamchatka Peninsula has discovered an oil bearing area in the region of Tigil, where spots have been marked for deep drilling. *Tass* says the work will be continued in the coming spring.

Encyclopedia of Natural Resources of Western Siberia

A three-volumes publication entitled "Natural Resources of Western Siberia" is being published at Tomsk. It contains extensive data on geology and mineral resources of Siberia and also gives a description of hundreds of mineral and non-mineral natural resources found in many districts of said part of the country.

CUSTOMS NOTIFICATION No. 1421

The public is hereby notified that the following rule has been laid down by the Government for the classification of bean oil:

(1) Bean oil imported in bulk, containing 0.4 per cent. acid (oleic) or over, is to be treated as ordinary bean oil and classified under Import Tariff heading No. 541 as an oil, n. o. p. f., duty, 15 per cent. *ad valorem.*

(2) Imported bean oil, containing less than 0.4 per cent. of acid (Oleic), is to be treated as refined bean oil and classified under Import Tariff heading No. 334 (a) or (b) as foodstuffs, n. o. p. f., duty, 30 per cent. or 35 per cent. *ad valorem,* according to whether imported in bulk or packed in tins etc.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 10th January, 1935.

CUSTOMS NOTIFICATION No. 1422

With reference to Customs Notifications No. 1408 and 1413, the public is now notified that in accordance with Government instructions the following restrictions are now in force in regard to the export of silver dollars:

(1) Passengers travelling coastwise are allowed to carry a maximum of $1,000.

(2) Passengers and crews on vessels proceeding abroad or from one treaty port to another *via* a foreign port are not allowed to carry silver dollars.

(3) Passengers and crews on vessels proceeding to places where Chinese Standard Dollars are not current are also not allowed to carry silver dollars.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 14th January, 1935.

The Silk Industry of 1934

BY PAUL K. WHANG (汪仲芳)

OUR silkmen have passed another milestone on their long journey of business depression. The farther they travel, the darker the outlook appears, and the more pessimistic and desperate they become. Most of them have already collapsed on their way, when the journey has proved too long and tedious for them to travel on foot; and only a few whose courage has not yet given way to despair have travelled thus far. But these very few are likewise exhausted with fatigue and stand in need of assistance to carry them farther onward. Prosperity, which has been long promised to be at the corner, can no longer inspire the hope of our travellers, because the corner has been found to be an elusive one. The old adage that after the storm there will be a bright sunshine has also lost its appeal, when dark clouds have been gathering so thick as hardly to permit the smiling Sun to peep through. The past was dark, but the future seems to be even darker, and the long journey's end appears still far from being in sight.

It is indeed pathetic to look back at the silk trade of the past twelve months. For the first ten months, the market was as dull as dead, and a very small quantity of silk was exported in spite of its very low prices which were hovering around $450 per picul. The domestic consumption of raw silk was also very small, when most of our weaving mills were closed down because of business depression, and those which were in operation had to use artificial silk as a substitute so as to bring the prices of silk fabrics within the reach of the decreased purchasing power of the public. Beginning from the middle of November, business conditions almost lifeless became a little more, hopeful, when the silk price in New York gradually increased from G$1.16 to G$1.29 per pound, and in the local market it increased from $450 to $520 per picul.

The reason to account for this hopeful change in the market condition can be explained by the fact that the American consumption of raw silk in October increased from about 35,000 to 49,000 bales and Japanese Autumn cocoon crops were decreased by 28.4%. This, however, can by no means be interpreted as a healthy sign, which would lead to the immediate revival of silk business, when the unsold silk stocks are still heavily accumulated both in China and in Japan. Therefore so far as the future is concerned, the prospect is still as dark as ever.

The quality of the Spring cocoon crops was good, but the quantity was at least 30% less than the normal production, mainly because the farmers, anticipating the low prices offered for their cocoons, either curtailed their cocoon production or abandoned sericulture altogether. During the cocoon season, the prices for native cocoons ranged from $20 to $25, while those for disease-free variety were $10 higher. The disease-free eggs became increasingly popular among the farmers, as the percentage of disease-free cocoons assumed an even larger proportion than that of last year in comparison with the native cocoons. The excessive drought in the Summer affected both the Summer and Autumn cocoon crops, the harvests of which were very poor.

Prices Not High Enough to Cover Production Costs

In spite of the low prices of cocoons, silk-manufacture was still not a profitable business undertaking, when the silk prices were not high enough to cover the cost of silk-production. After the cocoon season, about twenty out of more than 100 silk filatures in Shanghai started their operation, but hardly had a month gone by, when the adverse business conditions once again forced them to close down one after another. In Wusih, another silk center in Central China, more than twenty filatures kept in operation but their condition was just as precarious as those in Shanghai. The labor unrest, which had been a familiar feature of the silk industry in the previous years, was conspicuous by its absence. This is possibly due to the fact that when the chances of employment were so slim, the employed silk labor would be satisfied with long working hours and small wages.

The officials of the National Government seemed to be fully aware of the pitiable condition of China's silk industry, but, as before, they limited their efforts to making empty promises and paper reformations. During the year, various suggestions were made by silkmen to the government relative to the rehabilitation of the silk industry, the most noteworthy one of which was the establishment of sales offices in foreign silk centers, such as New York, Lyons, etc., to promote the sale of Chinese silk in foreign countries. Although the government officials were reported to be favorably disposed toward this suggestion, no concrete measure has yet been taken to bring it to realization. The Silk Committee of the National Economic Council, which was specially organized for the purpose of introducing sericultural reformations, has not yet taken an active part. It is hoped that we shall hear more of the activities of this Committee in future.

The hope of our silkmen to increase their trade with the United States was shattered, when the New York Commodity Exchange once again refused Chinese and Italian silks to be traded on the Exchange. For many years since the first opening of the New York Silk Exchange in 1929, our silkmen had agitated against the exclusive trading of Japanese silk on the Exchange, but their protest and representations were to no purpose, when the committee of the former New York Silk Exchange and the present Silk Department of the New York Commodity Exchange were completely under the Japanese influence. The Japanese silkmen, for obvious reasons, constantly disseminated information unfavorable to Chinese and Italian silks so as to mislead their American friends. It is very regrettable that the officials of a very important exchange in New York could not render their judgements independently without bias and prejudice. The disappointment of Chinese silkmen was mitigated somewhat, when they learned that both Chinese and Italian silks would be admitted on an equal basis with the Japanese silk, in a Silk Exchange to be opened in San Francisco in February this year.

Rapid Progress in Soviet Sericulture

The most striking event of the past year was the rapid progress made by Soviet Russia in sericulture. According to a *Tass* report dated July 24 from Moscow, it said, "A total of 15,000 tons of cocoons have already been stored by July 15, out of the total 15,500 to be stored in 1934. Due to the growing demand for silk products, the existing silk factories in the U. S. S. R. have been greatly expanded, and many new factories are under construction. Eleven new silk weaving and spinning factories will be built in the U. S. S. R. in the next three years. Over 140 million roubles will be invested in this branch of industry under the second Five Year Plan."

A further report in this connection, appearing in the Chinese press dated Nov. 21, had this to say, "Soviet Russia has left no stone unturned to encourage her silk exports, and has especially set her eyes on the American market. During the first half of this year, the silk mills in New York consumed less than 100 bales of Russian silk every month. But since the Summer season, the demand for Russian silk has been very much on the increase, and in the last month (October) alone, as much as 337 bales were sold to the silk mills. At present, Russian silk stored in various godowns in New York amounts to no less than 1,207 bales." The ascendancy of Soviet Russia in the silk world will constitute a big threat to the position which has now been occupied by Japan and other silk-producing countries.

While production and consumption of raw silk were very much curtailed last year, those of artificial silk, on the contrary, were greatly on the increase. Take the United States for instance. Her imports of raw silk were 547,195,000 pounds in 1932, 503,376,000 in 1933, and only 164,449,000 in the first five months of 1934. On the other hand, world production of artificial silk reached a peak in the first quarter of 1934, with an estimated output of 188,716,000 pounds, compared with 165,910,000 pounds in the first quarter of 1933. The U.S. production for the quarter was 55,000,000 pounds against 50,600,000 in the same quarter of 1933; Japanese 28,710,000 against 24,200,000; Italian, 24,700,000 against 24,434,000; British, 24,180,000 against 21,020,000; and German, 20,240,000 against 17,050,000. Thus all the rayon-producing countries increased their respective productions in the first quarter of 1934 as compared with the same period of 1933.

Because of its cheap price, artifical silk has made great inroads against real silk in these years of business depression. Our silk weavers who have hitherto used real silk exclusively for manufacturing beautiful fabrics have been also compelled to use artificial silk as a means of cheapening their products. In order to meet this situation, the Ministry of Industries last year laid down a modest industrial program for establishment of four major factories, which would make alcohol, newsprint, machinery and artificial silk respectively. It is expected that by the end of this year, all these four factories will be able to turn out their respective products to meet a part of domestic demands, if the promoters of this program can proceed with their plans without let and hindrance. In passing, it must be mentioned that the Japanese merchants have already begun to build a modern artificial silk factory in Shanghai with the object of monopolizing China's artifical silk trade.

In view of the increase in the use of artificial silk as a substitute for real silk and the ascendancy of Soviet Russia in the silk world, we can not help holding a very pessimistic view toward the future of our silk industry. Unless our government officials and silkmen can co-operate in doing something for its rehabilitation, its demise is but a natural outcome.

Who's Who in China

梅 汝 璈
Mei Ju-ao

Mei Ju-ao, economist and jurist; born in Nanchang, Kiangsi, 1905; graduated from Tsing Hua College, Peiping, 1924; attended Stanford University and University of Chicago; obtained B. A. (1926) and J. D. (1928) from the above-mentioned Universities respectively; visited Europe in 1929; taught Economics at Ta-Tung University (Summer Session, 1929) and Law at Shansi University, 1929-30; professor of Political Science at Nankai University, 1930-31; professor of Anglo-American Law and Legal Philosophy at the National Wuhan University, 1931-33; Author: "Modern Jurisprudence," "Outlines of Legal Philosophy," etc; joined government service as Counsellor of the Ministry of Interior, 1933; address: Ministry of Interior, Nanking.

梅汝璈，現年卅歲，江西南昌人，民國十三年畢業於北京清華大學，遊學美國，十五年授仕丹福大學經濟學學士，十七年授芝加哥大學法學傳士，十八年赴歐考察，歸國後歷任大同大學南學院教授及山西大學英美法教授，十九年任南開大學政治學及公法教授，二十年任國立武漢大學英美法及法律哲學教授，著有現代法學及法律哲學大綱等書，二十二年夏任內政部參事，參預土地法施行法及水利法等起草工作。通信處：內政部參事室。

Mayor Wu Reports on Opium Suppression in Greater Shanghai

In a report to the Central authorities, last week, Mayor Wu Te-chen of Greater Shanghai stated that a total of 2,616 cases (involving the arrest and trial of 6,947 persons) concerning the manufacture, transportation, sale and consumption of opium and other forms of narcotics (including "red" pills and morphine) was handled in 1934 by the Bureau of Public Safety of the Greater Shanghai Municipal Government. Of these cases, 1,070 (involving 2,990 persons) related to opium; 1,393 (involving 3,661 persons) to "red" pills; and 153 (involving 296 persons) to morphine, heroin or other derivatives. During 1934, a total of over 22,000 ounces of opium and other narcotics and 13,000 pieces of opium-smoking paraphernalia were seized and confiscated. Compared with the returns for the 22 year (1933), the number of opium cases last year was 381 cases less, but the number of morphine and red-pill cases showed an increase of 163.

League Withholds Judgment on China's Opium Measures

China's new anti-drug regulations came up for discussion at a meeting at Geneva Jan. 14, of the Opium Advisory Commission. In a lengthy speech on the subject, the president of the commission, Senor Vasconcellos, said that the League Council could not at present form an opinion concerning the value of the new system, but hoped that effective results would be obtained. Declaring that all nations would aid China in her struggle, the president stated that the clandestine manufacture of drugs in China and in foreign concessions and settlements constituted one of the most dangerous factors in the situation. He added that it called for prompt and energetic measures.

In the United States Court for China

GERALD BARKER OGLE, Plaintiff, vs. MARGARET DOROTHY HIGGINSON OGLE, Defendant.	Cause No. 3788 Civil No. 1748 ORDER Filed at Shanghai, China, This 14 day of January, 1935. William T. Collins, Clerk. by L. T. Kenake, Asst.

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by his attorneys, has this 11th day of January, 1935, made application for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 12th day of January, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 11th day of January, 1935, the Plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein at any time, and that defendant's last known address was 120, 8th Avenue, Whitestone, Long Island, New York;

NOW, THEREFORE, it is this 14th day of January, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 2nd day of February, 1935, the day of last publication of this Order; otherwise case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 14th day of January, 1935.

MILTON J. HELMICK,

Judge.

JAPAN
AND THE CRISIS OF 1935-1936

An exhaustive, 22-page treatise on conditions now prevailing in Japan and an analysis of Japan's present relations with China and other countries. It covers trade, finance, politics and armament.

Which Way Will the Japanese Cat Jump Next?

50-cts. a copy, including postage.

THE CHINA WEEKLY REVIEW
160 Ave. Edward VII.
Shanghai.

Men and Events

CORRECTION.—Through an unfortunate error in make-up in last week's issue of *The Review* the wrong footnote was appended to the article by T. B. Chang on "The Chinese Press Since 1925." (p.227). Mr. Chang is the managing director and acting editor of the *China Press*, and managing director of two Chinese-language daily papers, the *China Times* and the *China Evening News*. Mr. Chang is not connected with the China Commercial Advertising Agency.

Max Friedman, sales manager of China Motors, Shanghai, has returned from a seventh-months tour of the United States.

Dr. J. E. Hultman, who holds the title of Swedish Minister to both China and Japan, arrived in Shanghai from Tokyo during the week, accompanied by his wife and daughter.

Lt.-Col. Joseph W. Stilwell, at the present time stationed at San Diego, has been appointed Military Attache to the United States legation at Peiping. He will sail from San Francisco for China on June 5.

According to statistics compiled by the Amoy Bureau of Public Safety, the total population of Amoy—excluding Kulangsu and Hoshan—is 181,802; of the 10,364 aliens in this total, 9,046 are Formosans and Japanese subjects.

The last shipment of 1,500 tons of American wheat covered by the American cotton and wheat loan arrived in Tientsin direct from Seattle during the week. The wheat had been sold by advance orders to flour mills in the northern port.

N. A. Owings, who was a member of the commission of architects which designed the Century of Progress Exposition at Chicago, was in Shanghai last week on a trip around the world. Mr. Owings was accompanied by Mrs. Owings.

Dr. Charles James Fox, editor and publisher of the *North China Star*, was elected President of the Tientsin American Chamber of Commerce Jan. 9. In addition to his other duties, Dr. Fox serves as President of the Tientsin Trust Company.

Peter T. Y. Kwok, a former student of St. John's University, has entered the service of the Lloyd Triestino as interpreter. He speaks the Mandarin, Cantonese, Shanghai and Swatow dialects. He sailed from Shanghai on the *Conte Verde* Jan. 15.

Nelson Trusler Johnson, United States minister to China, is expected to return to China about the middle of February. According to present arrangements he intends to sail from San Francisco for Shanghai in the s.s. *President Coolidge* on January 25.

The seventh suicide in three weeks in Shanghai occurred when M. P. Kartafheff, a Russian employed as a bodyguard, shot himself in a house in Tongshan road Jan 14. Earlier the same day V. S. Viellchik, aged 26, hanged himself to a rafter in Lane 176 off Route Vallon.

C. S. Reed, formerly U. S. Consul at Yunnanfu, arrived in Shanghai last week where he will be connected with the American Consulate-General in this city. Mr. Reed, who is a native of Cleveland, Ohio, previously served in consular positions in Tokyo and Formosa.

An increase of 3 Chinese cents per gallon on kerosene became effective in Shanghai Jan. 14, according to an announcement made on that date by the four leading foreign oil companies, the Asiatic Petroleum, the United Petroleum Trust, Standard Vacuum Oil, and the Texas Company.

Negotiations with the City Government of Greater Shanghai have been started by the Shanghai Telephone Company for the operation of automatic telephone lines in the extra-Settlement areas of the Western districts, on lines similar to the agreement made with the Shanghai Power Co.

According to a biographical sketch of Frederick A. Delano, head of the U.S. National Planning Commission, which appeared in the *Literary Digest* on Dec. 15, Mr. Delano was born in Hongkong in 1863. Both his parents were natives of Massachusetts. Mr. Delano is an uncle of President Roosevelt.

Dr. V. K. Wellington Koo, Chinese minister to France (on furlough), has been awarded the Grand Croix de l'Ordre de la Couronne by Leopold III, King of Belgium. The decoration was presented to Dr. Koo by Baron J. Guillaume, Belgian minister to China, who called on the Chinese envoy last Sunday.

Dr. Chiang Mon-lin, Chancellor of the National Peking University, who attended the Oriental Education Conference at Manila last month, returned to Nanking Jan. 10. Dr. Chiang was one of the two official delegates sent by the Government, the other being Dr. Herman Liu, President of the University of Shanghai.

The ashes of the cremated body of Mrs. Merriam Griffin Audouard, Shanghai newspaperwoman who died from an overdose of veronal recently, were scattered over the Shanghai Race Course on Sunday last by her husband, Rolf Audouard, from an airplane—this being in accordance with the wishes of the deceased and her parents in California. The plane was a chartered Stinson of the China Aviation Corporation. Hewett F. Mitchell piloted the plane which cruised over the city with Mr. Audouard on board.

George Bourne, secretary and treasurer for Bills Motors, Federal Inc., Ford Motor Company representatives for Central China, has returned to Shanghai accompanied by his wife and two children after six months holiday in the United States.

Dr. W. W. Yen, Chinese Ambassador to the Soviet Union who has been in China on leave for several months, will return to his post in Moscow early in March according to a report from Nanking this week. Mr. Bogomolov, Soviet Ambassador to China, who returned to Moscow last November, will not return to China for sometime due to the illness of Mrs. Bogomolov, according to a recent report from Russia.

The death occurred at San Francisco, Jan. 9 of George Denny, for many years one of the best-known newspaper correspondents in the Far East. Mr. Denny served as a war correspondent throughout the Philippine campaigns and the Russo-Japanese War. He also covered the Boxer Rebellion in China, where he had a wide acquaintance, being stationed for some years in Peiping.

After having been held captive by kidnappers since December 30, Liu Shun-teh, proprietor of the Li Teh Oil Mill, at No. 1 Ferry Road, escaped Jan. 14 and made a safe return home. Mr. Liu reported his escape to Settlement police. The kidnapping took place while Mr. Liu, his wife and daughter were proceeding in a Ford hire car to the Catholic Church on Avenue Dubail.

The Osaka *Mainichi* offers its readers a conversation between a number of "authorities on women," in the course of which a Mr. Hinao says: "But alas! The girls we see here in Japan are like superannuated Ford cars. We use them because they are handy and easily obtainable. As a matter of fact, we are living, as it were, in the age when obtaining the ideal figure is a luxury far beyond our reach."

T. O. Thackrey, publisher of the Shanghai *Evening Post*, addressed the American Women's Club in Shanghai Jan. 15 on "Journalism in China." In the course of his talk he said that journalism in China had to overcome great obstacles of language, censorship and difficulties of communication, but nevertheless accomplishes its vital purpose of supplying accurate information to newspaper readers both here in and other parts of the world.

William Stanley Webb, of the British American Tobacco Company accounting staff, was found dead in his bedroom at the Cathay Mansions on the evening of Jan. 10 with a bullet wound in his forehead, an evident suicide. Deceared was 42 years of age; he came from Bristol to China several years ago for the B.A.T. (now the Yee Tsoong Tobacco Co.) An inquest opened by the British Coroner at the International Funeral Directors' premises resulted in a verdict of suicide.

All invitations to Dr. Hu Shih, the eminent Chinese scholar and philosopher, to lecture at universities and other institutions in Canton were cancelled last week as a sequel to criticisms of Kwangtung Dr. Hu Shih is alleged to have made in the course of recent addresses in Hongkong. His remarks aroused bitter feeling among the Cantonese, and the southern the Chinese papers expressed great indignation over them. Sun Yat-sen University, which had previously invited him to deliver a series of lectures, issued a public announcement cancelling the invitation. Dr. Hu Shih, according to the University authorities, had shown in his addresses at Hongkong that he regarded Kwantung virtually as a land of savages. Dr. Hu Shih later proceeded to Kwangsi.

W. Y. Loo and L. C. Tai Establish Hwa Yeh Underwriters

Messrs. W. Y. Loo and L. C. Tai, formerly of the Tai Shan Insurance Company, during the week announced the formation of the Hwa Yeh Insurance Underwriters with offices at 17 The Bund in Shanghai, thereby inaugurating the general agency system in China for the first time. Both Messrs. Loo and Tai studied insurance under Professor S. S. Huebner in the University of Pennsylvania, from which they were graduated at about the same time ten years ago. Since then, Mr. Loo has been connected with the New York Life Insurance Company, the Asia Life and Tai Shan, having been life department manager of the two latter companies in the past few years. Mr. Tai has been associated with Mr. Loo for the past year and was life department manager for Tai Shan before going into partnership with Mr. Loo in the new general agency.

Newspaper Group Tours Kiangsi

A party of Shanghai newspapermen proceeded to Nanking Jan. 14 on a two weeks tour including former communist areas of Kiangsi province, among them the following:—Randall Gould, editor of The *Shanghai Evening Post* and correspondent for the *Christian Science Monitor*; Victor Keen, correspondent of the New York *Herald-Tribune*; A. T. Steele, representing the *Associated Press* Frank Smothers, correspondent of the *Chicago Daily News*; Edmund Fuerholzer, correspondent of the *Transocean* News Agency; Dr. A. Kapelle, correspondent of the *East Asiatic Observer*, Berlin; Captain Max Simon-Eberhard, of the *Deutsch Shanghai Zeitung*; J. B. Powell, editor of the *China Weekly Review* and correspondent for the *Chicago Tribune*, and Geheimrat Dr. Lederer, correspondent of the *Frankfurter Zeitung*. They are being escorted by Wang Fu-tai of the *Kuo Min* News Agency.

New Books of Interest in the Far East

A History of "Hard Times" in the United States

A Review of "The Great Depression." By Lionel Robbins. The Macmillan Co., New York, 1934. Price $3.50.

The Great Depression is by far the most stimulating piece of economic analysis that has appeared in recent months. In a simple and lucid style, the author describes the principal features of the depression and sets forth what he conceives to be the causes of it. Few writers have Professor Robbins' capacity to make an incisive analysis and set it forth in attractive form. The reader may not be convinced, but neither will he be bored.

The argument of the book is that the world is headed toward poverty and increasing economic instability. These disasters are likely to result from faulty economic policies which are being pursued by our governments and Central Banks. In turn, these faulty policies are the outcome of faulty ideas in the minds of the public and of our political leaders. What are the heresies that are leading us to economic chaos?

"Managed" currencies, economic nationalism, the attempt to maintain consumer purchasing power artificially, governmental intervention to save insolvent concerns from bankruptcy, attempts to keep prices stable, and the many governmental controls over economic affairs which the author describes in his chapter called "Restrictionism and Planning" are at the root of our difficulties. The fundamental fallacy underlying all of these measures is that governments by taking thought and using their power can bring about a state of prosperity greater than the prosperity which private business operating under conditions of competition can achieve.

The discussion of "planning" is especially interesting "Socialism" writes 'Robbins,' is a term not universally popular But 'planning'—ah! magic word—who would not *plan*? We may not all be socialists now, but we are certainly (nearly) all planners. Yet, if planning is not a polite name for giving sectional advantages to particular industries, what does it denote but socialism—central control of the means of production?" Later in the volume he continues "The requirement of a rational plan is that the factors of production (the land, capital and labor) should be so distributed between the various alternatives of production that no commodity which is produced has less value than the commodities which might have been produced had the factors of production been free for other purposes . . . Under competitive conditions this problem is solved by a comparison of costs and prices . . . The planning authorities would have no way of discovering with any accuracy whether the ends they chose were being secured with an economical use of means. In particular lines of production they could no doubt erect an apparatus which, from the technical point of view, would be imposing. The Pharaohs did not need a price system for the erection of the pyramids. But at what sacrifice of other goods its products would be secured, at what economic, as distinguished from technical efficiency, it functioned, could not be ascertained."

Most students of economics would agree with Professor Robbins' charge that government interference with industry and trade has made things worse rather than better. But many are in doubt about the possibility of giving up the attempt to "plan." Proof that the type of planning that has been tried in the United States is bad does not prove that planning is inherently wrong. Furthermore, if the government takes its hands off and ceases to control, it is by no means certain that business will return to a state of simple competition which Professoror Robbins is convinced is the best of all conditions. What is likely to occur when we cease to have government planning of a monopolistic and restrictionist variety by business men themselves? Government interference with business may be the lesser evil.

We can accept Professor Robbins' diagnosis without accepting his prescription that a hands-off policy by the state is either possible or desirable.

W. B. SMITH.

Foreign Missionaries to Be Kept Out of Manchuria

Japanese authorities in Manchuria have issued orders prohibiting foreign and Chinese missionaries from working in Manchuria, according to a brief dispatch fron Peiping appearing in the *Shun Pao* Jan. 16.

To keep abreast of all developments in industry, finance, aviation, railways, highways, shipping, radio and public works in China—

READ

The CHINA RECONSTRUCTION & ENGINEERING REVIEW

(Editorial Offices: 53 Foochow Road, Shanghai)

The best advertising medium for machinery, supplies and technical service.

(sample copy free upon request)

"The Peiping Chronicle"

Leading English Language Daily Newspaper of North China. Presenting news impartially and promptly, interpreting current events in a sane and liberal spirit, and editorially supporting progressive and constructive policies.

Enjoying the widest circulation in North China and other places, and serving as the best medium for advertising.

SUBSCRIPTION RATES:

Single copies	10 cents
Sunday only one month	40 „
Two week	$ 1.00
One month	„ 2.00
Six months	„ 11.00
One year	„ 20.00

(Postage extra)

2. Mei Cha Hutung, Peiping, China.

Cable Address: "CHRONICLE"

Quo Tai-chi Makes Speech at China Association Banquet

The China Association held its annual banquet in London, December 18. Speeches were made by Quo Tai Chi, the Chinese Minister, Sir George Macdonagh, and Louis Beale, British Commercial Counsellor in China. Among those present was Dr. W. C. Chen, Counsellor of the Chinese Legation in London.

In proposing Mr. Quo's health Sir George said that the year 1889 was distinguished by two events, namely the birth of the China Association and the birth of Mr. Quo.

Mr. Quo in his speech, acting on an invitation to offer suggestions as to what the China Association could do to help along Anglo-Chinese relations, said:—

"I have been gratified to note in recent debates in both Houses of Parliament and also in speeches outside, notably in the speech of General Smuts, an improved sense of all that Far Eastern affairs mean to Europe, and especially to Great Britain, in both politics and business. I should regard it as an inestimable service to China and to Anglo-Chinese mutual interests if the China Association could take a lead in giving the general British public a livelier sense of China. I think we are agreed that there can be great advantages both ways by spreading informed opinion in this country. I want the knowledge of our serious reconstructiona progress in China year by year to be the common mental property of all in this island who think about their country in connection with the Far East. I am not suggesting that you each and all shall get out the hustings and hold forth. Such a spectacle would make me as well as all of you turn a little pale in the mere prospect. But I know that under impetus from the China Association such a flow of informed opinion could permeate even beyond the hustings, into the reading and thinking by the cottage kitchen-fire as well as in the scholar's study and the city office. This would not be propaganda. I have no inclination to think in any such terms. It is practical insight.

"Next after that, and in direct connection with it, I should like to know that the influence of the China Association is active in inclucating its own belief that a strong China is the the greatest potentiality for world prosperity. I think we all foresee that we must get away from the excesses of economic nationalism, and of merely nationalistic financing, and must make a collective attack on the economic problem. Then the market of China, developed under our present program to increase the individual buying capacity of each and every Chinese citizen, is the cornerstone for world recovery.

"And in the third place, I should like to have the dependability of trade with China and co-operation with China generally emphasized to all Great Britain, dependability both in the individual transaction and in the international political contingencies. I say this fully aware that there are arrears in some existing transactions still to be satisfield. Yet I think that China's record in these times of stress stands scrutiny well, alongside the credit condition of other countries. To paraphrase a recent public comment on Far Eastern conditions I think I may say that China still is the man with the good common name of Smith who figures in some hypothetical observations regarding banking accommodation on a basis of character rather than of immediately convertible assets, in that "A good banker is one who knows that Smith can have an overdraft and that Brown cannot; that Smith's paper is good paper and can be bought and that Brown's paper is bad paper and must be left alone." So much, then, for my humble suggestions, which I am sure you, Sir, and the honorable members of the China Association, being still vigourous men, will not regard as "tall orders." And in connection with these suggestions I am glad to note the presence among us here to-night of Louis Beale, who, as your Commercial Counsellor in China, has been most active in promoting Sino-British co-operation, and is fully awake to the opportunities that are open for fruitful joint Sino-British enterprises. He can tell you better than I can, having just arrived from China, about the vast amount of constructional activities going on in China. For instance, I have heard from him for the first time about the thirty-story building that is to be put up for the Bank of China by a British architectural firm in association with Chinese architects."

After referring to various Chinese enterprises in which British companies are participating, Mr. Quo said:—

"A full economic development will, however, largely depend on security and political stability in the Far East. Joint Anglo-American statesmanship twelve years ago at Washington envisaged the world's necessity "to provide the fullest and most unembarrassed opportunity (for China) to develop and maintain for herself an effective and stable government." It was generally recognized, however, that the Government of the day in China as it then existed in Peking was nothing more than the shadow of a Government, whose writ did not run outside the city walls. The dominant political force of the country, represented by the Nationalist movement, centred in Canton, was still in its naissant stage and had not yet come into control. Yet the Powers clear-sightedly insisted on this guarantee of good faith towards China and security for the world at large. There ensued the interval between the conclusion of the Washington Treaty in 1922 and the emergence of the present National Government in 1927 and its general recognition in 1928. Our history since then is the history of definite and steady improvement under the National Government, which has been in power longer than the term of most present existing Governments despite unprecedented climatic and international calamities."

American and British Oil Companies to Seek Modification of Japanese Oil Law

A recent *Rengo* message from Tokyo Jan. 13 stated that joint efforts to secure a modification of the provisions of the Japanese Petroleum Industry Law and a set of guarantees from the authorities to protect their future interests will soon be made by the Standard-Vacuum and the Rising Sun Oil Companies The law, enacted on March 27 last year, will go into effect October 1 and was made the subject of repeated representations by British and American ambassadors with the Tokyo Government. The main objects of the Japanese in invoking the law are the accumulation of vast reserves of oil and the encouragement of the oil refining industry in Japan. Extensive powers of control over the industry will enable the Japanese Government to fix the sale price, to determine the quotas of oil imports allotted annually to any given company, to force the companies to expand their storange storage facilities and to set up refineries in Japan.

The foreign oil companies and their respective governments have pointed out that the firms will be required to incur heavy expenditures on the construction of additional storage tanks and to increase their stocks to about three times the present volume without receiving any governmental security that they may be able to recoup themselves for these large expenditures.

The fact that the Japanese Government, by arbitrarily fixing the sale price of kerosene and gasoline by limiting the quota of trade annually allotted to the companies may be able to prevent the companies from realizing legitimate profits from their investments in refineries and storage tanks, is held highly objectionable.

The same complaints have been voiced by Japanese firms, who, because of their limited resources, declare that they will not be able to comply with the provisions of the law without obtaining a governmental subsidy in the form of low-interest loans. Their demands, so far, have aroused no response.

The Standard-Vacuum and Rising Sun companies, *Rengo's* informant stated, will seek to obtain a downward revision of the statute which requires companies to store crude oil sufficient for six months' consumption. Company leaders are said to declare that a three-months' stock is the limit which they can afford in view of the violent fluctuations in the oil market and because a six-months' stock requires too much storage space.

The British and American firms will also try to obtain governmental guarantees that they will be permitted to operate in Japan for a certain length of time, that their respective import quotas will not be set below their present purchases abroad and that they will be permitted to install relineries in the country.

Commenting on the steps said to be contemplated by the companies, a high official of the Japanese Ministry of Commerce declared that the Government probably would not be able to agree to the request for a reduction of the storage limit as such action, before the law was put into effect, would "seriously affect its prestige" inasmuch as it was being asked for by foreign companies.

Permission to companies to delay for three months to observe the law's provisions probably will be granted, he said. Decision jointly to approach the Japanese government was reportedly reached by high Standard-Vacuum and Rising Sun executives at a series of meetings in Shanghai December 28, 29 and 30.

Paul W. Parker, president of the Standard-Vacuum Oil Company of New York; G. S. Walden, a director of the same company; John C. Goold, general manager of the Standard-Vacuum Oil Company of Japan and H. W. Malcolm, managing director of the Rising Sun Petroleum Company of Japan, returned to Japan recently after attending the Shanghai conference.

Japanese Try to Stir Up Trouble Between Soviet and Other Oil Companies

A recent Japanese telegram stated that the conference of foreign oil officials in Shanghai was held upon the discovery that the Soviet oil company named Soyuzneft had attempted a monopoly of the China market by reducing prices in utter negelect of an agreement with the European and American oil companies and that the Nanking Government had given a license for establishment of an oil plant at Woosung and issued secret orders to various factories to use Soviet oil and was further endeavoring to grant Soviet oil more advantage.

That any such attempt as above described was being made by the Soyuzneft was denied in responsible Soviet circles.

The Three Ages Of Man---And Woman.

If you are young Pinkettes, taken when necessary, will help you keep in perfect physical condition by ensuring daily functional regularity. If middle-aged, Pinkettes will keep your liver active, your complexion fresh, your brain clear.

To remedy that bane of the elderly, chronic constipation, Pinkettes are perfection, because they are not habit-forming and neither pain nor purge. They also aid digestion, banish bilious attacks and sick headaches, quickly relieve Piles.

In short, everybody needs Pinekettes at times. Try them yourself. Your chemist can supply them.

71-308

China to Revise Import Tariff Effective March 1

A revised tariff schedule intended to boost native industries is now under the consideration of the Legislative Yuan and is expected to be adopted March 1, according to information obtained from the Bureau of Foreign Trade. The new tariff schedule was promulgated by the Ministry of Finance in view of the huge excess of China's imports over her exports and the depression that affected native industries primarily due to foreign competition. It is expected that the new schedule, when enforced, will reduce the adversity of China's foreign trade and usher in a new era for the development of native industries at home.

Considerable changes will be introduced by the proposed tariff. The rate of import tax on all commodities which are produced at home, according to local well-in-formed circles, will be increased. These include rice and wheat, cotton piecegoods, woollen goods and sea products. The import tax on luxuries will also be increased.

U. S. Senator Introduces Bill to Prohibit Photos in Military Zones

Senator Morris Sheppard introduced a resolution in the U.S. Senate Jan. 11 calling for the prohibition of the taking of photographs, of sketching, and of map-making within the limits of military and naval defence zones. The resolution is similar to one recently made by Senator Park Trammel, which was brought about by the recent spy scare in Tampa, Florida, where a Japanese naval officer was taken into custody and held overnight, due to the fact that the Tampa police feared that he was engaged in plotting against military areas.

The Tokyo *Nichi Nichi* of Jan. 9 published a paragraph to the effect that the alleged spy incident involving Lieutenant-Commander Matsuda (constructor) at St. Petersburg, Florida, was prominently reported in various American newspapers and as it was considered likely to unjustly stimulate the public opinion of Japan and the United States, the Japanese Foreign Office recently ordered Hiroshi Saito, Japanese Ambassador to Washington, to conduct an investigation into the truth of the matter. Ambassador Saito later reported to Tokyo that American immigration officials had detained a naval officer of Japan whose status as such was clear, and cast suspicions of espionage on him merely because he photographed the scenery of the sea coast. During the time the naval officer was held the U.S. immigration officials had also allowed the officer to be photogaaphed and the photographs were published in the American newspapers.

Japan Also Decides to Revise "Military Secrets Protection Law"

(From the Tokyo Nichi Nichi, Jan. 8)

The love spy incident involving Lieutenant Cros, assistant naval attache of a certain foreign embassy in Tokyo, and a group of intellectual Japanese women caused a great sensation to various circles, and the skillful method of spying has astonished the military authorities here. However, Japan's present "Military Secret Protection Law" is very defective, having been promulgated as early as 1909, under which the crime of such spy women has to be overlooked. The military authorities have felt the necessity of making revision, and since the end of last year War Minister Hayashi, Vice-Minister of War Hashimoto, Chief of the Bureau of Military Affairs Nagata and Chief of the Bureau of Legal Affairs Oyama and others have been engaged in discussing this problem. It is expected that the authorities will shortly carry out revision of the Military Secrets Protection Law.

The present law is a very brief one, consisting of only eight articles, under which only serious criminals who desclose important national defense and military secrets are punishable. To such comparatively light offense as the recent women's spying activities the law could not be applied. In view, however, of the complicated situation of late, the necessity is felt in Japan for affording special protection to military secrets. It is the intention of the Japanese military authorities to extend the scope of the present law and at the same time punish heavily as spies those who sell the secrets of the military no matter whether the secrets are big or small.

Roosevelt's Oil Program to Continue Despite Supreme Court Decision

President Roosevelt Jan. 9 declared emphatically that the Administration intended to proceed with its oil control program despite the adverse decision of the Supreme Court.

U.S. Senate to Debate World Court

The debate on the World Court issue was commenced in the U.S. Senate Jan. 15. Senator Joseph T. Robinson, the Democratic leader, asked the Senate for immediate ratification of the agreement by which the United States would adhere to the Court.

Governor Olsen Foresees Possible Revolt of American Farmers

Governor Floyd B. Olsen predicted an agrarian political revolt in the United States within two years in an interview in St. Paul, Minn. Dec. 23. He advocated a new economic system that would practically eliminate the incentive of private profit.

Chicago Refiners Find Gold in Chinese Silver Dollars

The *Chicago Tribune* of Dec. 16 made note of the fact that some 300,000 Chinese dollars formed part of a shipment of silver from China which recently arrived in Chicago to be melted down. Accompanying the article were illustrations of the two sides of a Sun Yat-sen dollar, of which the shipment largely consisted, but in addition there were also Yuan Shih-kai and other issues. The coins were included in a shipment of approximately twelve tons sent from here to the Goldsmith Brotners Smelting and Refining Co. of Chicago, one of the leading concerns in the United States devoted to the purchasing and resmelting of secondary gold and silver. It was discovered in the course of the refining operations in connection with the Chinese silver dollars that there was about one ounce of gold to about 10,000 ounces of original weight of the coins. However the refining charges to recover this small proportion of gold would have been greater than it was worth.

Silver Regulations Relaxed to Facilitate Spring Settlement

The Ministry of Finance issued an order Jan. 10 to the various Bankers Associations, authorising a temporary relaxation of Article 4 of the regulations governing the transportation of silver within the country. For the benefit of merchants, in view of the approach of the spring settlement period, applications for transportation of silver to all inland points will be freely granted until further notice. It is understood that shipments by coast steamers and to frontier points, however, still will be subject to strict control.

Silver Dollars Come to Shanghai from the South

The first consignment of silver dollars purchased by the Exchange Stabilization Committee at Hongkong arrived here Jan. 14 aboard the British steamer *Rawalpindi*. This consignment amounted to $420,000 and was packed in 48 boxes. The second consignment is due latter part of this week and it is expected that before the old Chinese New Year, a total sum of $6,000,000 will be shipped to Shanghai.

Travellers to Outports May Carry $1000 in Silver Money

A Customs notification points that the following restrictions are now in force in regard to the export of silver dollars: (1) Passengers travelling coastwise are allowed to carry a maximum of $1,000. (2) Passengers and crews on vessels proceeding abroad or from one treaty port to another *via* a foreign port are not allowed to carry silver dollars. (3) Passengers and crews on vessels proceeding to places where Chinese Standard Dollars are not current are also not allowed to carry silver dollars.

U.S. Silver Buying to Continue—Far Eastern Objections to Be Ignored

A recent Washington message stated that the United States Government will continue to buy silver in substantial amounts despite Far Eastern objections, but at the lowest prices possible, while the Treasury will also avoid purchases which are likely to cause violent fluctuations in the world price.

BABY TALK.

Mothers love to talk about their babies; sometimes they like to write about them too. Here are a few extracts from mothers' letters:—

"Night after night, as soon as we would get settled in bed, baby would start crying.....Baby's Own Tablets changed all this. What a blessed relief," writes Mrs. Arthur Baker Junr., of Winona, Ontario, Canada.

"If my baby is crying with colic, or is peevish when cutting teeth I give him Baby's Own Tablets and he is soon happy again," writes Mrs. T. Tweedy, 475 Milwood Road, Toronto.

"I have found Baby's Own Tablets a splendid medicine for constipation and other ailments which affect little ones, and have no hesitation in recommending them to other mothers," writes Mrs. Oscar Auger, of Holyoke, Mass., U.S.A.

Wherever medicines are sold you can obtain Baby's Own Tablets, the children's safe guard, the mother's friend.

71-309

J. B. Powell Addresses Pan-Pacific Association

J. B. Powell, editor and publisher of *The China Weekly Review* and correspondent of the *Chicago Tribune*, was the principal speaker at a largely attended luncheon of the Pan-Pacific Association held at the Park Hotel, Shanghai, Jan. 11. Mr. Powell gave his impressions of a three months' trip through Russia. Dr. C. T. Wang presided. Among those supporting Dr. Wang were General Wu Te-chen, Mr. and Mrs. Kriebel, and Judge Milton and Mrs. Helmick. Mr. Powell's subject was "The Industrialization of Siberia and the Russian Far East." Mr. Powell in the course of his remarks pointed out that of the three and-a-half months that he was in Russia, 22 days were spent in a railway train, and it took more time than that to make an exhaustive study of a country which covered one-sixth of the earth and was inhabited by 160,000,000 people. Of this population, 70,000,000 were Russians, 30,000,000 Ukrainians, and the rest were made up of different nationalities. There were well over a hundred nationalities in Russia and 180 different languages were spoken. Mr. Powell mentioned that he had travelled with the Prime Minister of the Indians of Yukuta, a tribe which (comprising 250,000 souls) had preserved its identity from the time of the Middle Ages and which claimed to be the stock from which the American Indians had actually sprung, the forefathers of these Indians having travelled to America through Alaska and the Aleutian Islands. The people of Yukuta had sprung into prominence because of the recent discovery of gold in their territory.

The speaker pointed out that when studying the problems of Russia it was very important to take the ethnological facts into account, for they helped to explain a good deal of Russian policy and Russian difficulties. What was generally known to the rest of the world as Siberia had been split up by the Soviet Government, under a decentralization plan, into different provinces with capitals at Habarovsk, Chita, Irkutsk and Krasnoyarsk. Although this decentralization had been effected, Moscow however held a strong grip over the whole country, and this had special significance in regard to industry, because while Soviet industrial policy was in some respects like the German and Italian plans, it had very clear points of difference. In Russia the Soviet controlled and owned industry. There was not the slightest doubt that the whole of the Russian people had made enormous sacrifices to achieve the industrial re-organization under the Five-Year Plan at the bidding of the Soviet authorities.

The Soviet effort was viewed by various observers from very different angles. When a Japanese resident of Russia was asked for an opinion he said the success of the Soviet experiment was largely due to the commendable spirit of unity. A Chinese resident of Russia was less sentimental; he remarked that the Russian people had tightened their belts and the Government had issued paper money in order to bring about the industrialization of the country. Mr. Powell felt that the truth lay somewhere between those two opinions. Unlike Russia, Japan had attempted industrialization on the plan of tackling the lighter industries first. It was impossible to say at present whether the industrialization plan had been a success. The world would only know definitely in about ten years hence. But there could be no doubt of the wholeheartedness of the Russian people in putting that plan in the forefront of their policy. Mistakes had been made and the Russians were sorely lacking in people who had a mechanical sense. For instance, a complete motor-car assembling plant, which in Detroit could produce, under Mr. Ford, 500 motor-cars a day, had been put up in Russia. But only 250 cars a day could be turned out. The Russians were quite frank in expressing their bewilderment at this partial failure. Mr. Powell felt that the reason really lay in that same lack of mechanical sense. Mr. Powell believed that there were more people with mechanical sense in Shanghai than there were in the whole of Siberia. This deficiency showed itself, for example, in Vladivostok, where the lack of street planning was sadly evident. On the other hand, the Russians had wonderfully developed Siberia. The Mukden incident of 1931 was a definite stimulus to the economic development of Siberia. Mr. Powell mentioned that immediately after the Japanese incident in Mukden M. Voroshiloff made a trip to Siberia, and whereas it had been taken for granted that with the changed conditions in Manchuria Vladivostok was to be allowed to fall into Japanese hands by default, a terrific effort has been made by the Russian Government, as a result of Voroshiloff's visit, to maintain the importance and security of the great Russian port on the Pacific. So, in spite of having lost the export trade from Manchuria's staple industries, Vladivostok is now busy with steel and iron works and ships are constantly bringing to that port equipment both military and industrial to enable the Maritime Provinces to maintain their integrity. The inhabitants of Vladivostok are all trained in anti-aircraft defensive operations. The military motive runs through nearly all of Vladivostok's industrialization—in fact through the Soviet industrialization generally. The military display at Moscow on the occasion on the Nov. 7 anniversary included more than 200 bombing planes and an enormous number of tanks, and in the rear of them all a million workers all engaged in the production of military munitions. Roads in Russia are still poor, but one of the Russian military attaches pointed out that one of the merits of tanks was that they did not need roads.

The speaker mentioned that in eastern Siberia there were about 100,000 Chinese in the Amur valley and 300,000 Koreans. He had heard that one of the divisions of the Russian army in Eastern Siberia was entirely Korean, and Korean officers were in charge of one of the anti-gas drills in Vladivostok.

Mr. Powell quoted Stalin to the effect that the object of the industrial plan was not merely to produce shoes, but to produce the machinery which could produce the shoes—and there was the underlying cause of the attention paid to the heavy industries which engineers had been engaged to equip in Russia. As for the military organization, Soviet Russia maintained that it did not covet an inch of territory, but equally it would not yield an inch of territory. When a Japanese admiral had suggested the sale of the north of Saghalien to Japan as a natural sequel to the sale of the C.E.R., Moscow promptly retorted that Saghalien would not be for sale even if it was a barren rock, which it is not —as from there comes the oil which is used by the oil refineries in the Maritime Provinces.

Peking-Hankow Railway Line's Very Successful Year

The Peking-Hankow Railway had a very successful year in 1934 and its operations resulted in a surplus of $8,308,000, according to information from the Administration. The returns for 1934 are as follows:—

Total business done, including, military and Government transport	$31,950,000
Actual cash revenue	$25,186,000
Operating expenditure	$16,878,000
Surplus for the year	$ 8,308,000

Figures for other Chinese railways for various periods are given below:

SHANGHAI-NANKING RAILWAY

Net revenue, Jan. 1 to June 30, 1934	$ 1,886,154 (£125,746 at 1*s.* 4*d.*)
Gross revenue, Jan. 1 to Oct. 10, 1934	$10,685,850
Gross revenue, Jan. 1 to Oct. 10, 1933	$ 9,116,369

TIENTSIN-PUKOW RAILWAY

Net revenue, Jan. and Feb. 1934	$ 1,166,465 (£77,700 at 1*s.* 4*d.*)
Gross revenue, Jan. 1 to Sept. 30, 1934 ...	$16,742,803
Gross revenue, Jan. 1 to Sept. 30, 1933 ...	$15,868,686

CANTON-KOWLOON RAILWAY

Net revenue, Jan. 1 to June 10, 1934	$136,758 (£9,116 at 1*s.* 4*d.*)
Gross revenue, Jan. 1 to Oct. 10, 1934 ...	$ 1,588,472
Gross revenue, Jan. 1 to Oct. 10, 1933 ...	$ 1,657,811

The increases in revenues shown by both the Shanghai-Nanking Railway and Tientsin-Pukow Railway bear out the reports current of the progress made by these lines.

Many Changes in China's Diplomatic and Consular Service

The Nanking Ministry of Foreign Affairs effected the following changes in the diplomatic and consular services beginning of this month.

Lin Pin, minister to Cuba, recalled.

Yu Chuan-chih, consul-general Havana, recalled.

Chu Shih-chuan, assistant director of the European and American Affairs Department, appointed first secretary of the Chinese Legation in Cuba acting as minister and concurrently consul-general at Havana.

Tang Ja-shun, consul-general at Hamburg, relieved of his duties.

Chang Keng-lien, superintendent of the Customs at Nanking, appointed acting consul-general at Hamburg,

Chu Pu, second secretary of the Chinese Legation in Denmark. recalled.

Chao Hsiang-tsung appointed acting third secretary of the Chinese Embassy at Moscow.